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15 AUGUST 1986

# West Europe Report

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15 AUGUST 1986

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## LEFT SOCIALIST PARTY REACTS TO DEFECTION OF MP'S

## Remaining MP Voices Concern

Copenhagen BERLINGSKE TIDENDE in Danish 2 Jul 86 p 4

[Article by Thorkild Dahl; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The party congress this fall will establish a pure Left Socialist [VS] policy for a labor majority. Folketing member Keld Albrechtsen said VS will give a labor government a long rein. It will be hard for the remaining VS members of Folketing to get good committee assignments.

The Left Socialist Party is fading fast and the events of recent days with two Folketing members moving to the Socialist People's Party [SF] have not encouraged the vital process.

Steen Tinning, one of the three remaining VS Folketing members, is not optimistic about the future of VS as a Folketing party.

VS will hold a congress in early October and with the departure from the party of Folketing members Arne Grete Holmsgard and Jorgen Lenger of the conservative Red Realist faction, those who are left will have a chance to map out a pure VS policy. At a press conference at Christiansborg yesterday attended by the three remaining members, Keld Albrechtsen, Steen Tinning and Elisabeth Bruun Olesen, Keld Albrechtsen stated that "after this adjustment, all the members of the Folketing group are VS people."

VS executive committee member Bjorn Pedersen said: "We can come back after the congress in a more unified version."

The VS split comes at a time when membership is at its lowest level in many years. At the end of the 1970's there were close to 3,000 members compared to 1,000 now. In addition there are around 200 inactive members and a newly-formed youth organization with 200 members.

Now that the Folketing group has been purged, the remaining VS representatives will concentrate on security policy, economic policy, labor market policy and social policy. However the Folketing group will run into the

practical problem that only with the backing of other parties--especially SF--can VS get seats on Folketing committees.

According to SDP sources, the Social Democrats are not interested in co-operating with the three VS Folketing members.

Social Democrats also point out that VS is no longer a necessary part of the so-called alternative security policy majority that does not include the government coalition parties. The Social Democrats, the Radical Liberals and SF with its two new members have the security policy majority they need unless VS decides to form an unrealistic alliance with the government. According to the three Folketing members the October congress will focus to a large extent on a discussion of how far the party should go to back a labor majority and Keld Albrechtsen said that VS "will give such a government a long rein."

The decisive question is what stand the congress will take on profit sharing and the remaining main faction, the Leftist Opposition, has said in the past that Economic Democracy [OD] is a kind of compulsory savings program for wage earners and that the faction consequently opposes profit sharing.

#### Executive Board Issues Statement

Copenhagen BERLINGSKE TIDENDE in Danish 7 Jul 86 p 5

[Text] A labor majority should not contribute to restricting the wages and living conditions of the general population as long as the business sector is able to juggle investments and jobs freely. That was the view of the VS executive board, which issued a statement Sunday dissociating itself from the two defectors, Jorgen Lenger and Anne Grete Holmsgard. The two rejected the political isolation of the Left Socialist Party and will join SF. SF membership will simply lead to traditional Social Democratic policy, in the view of the VS executive board. The statement made it clear that VS will work to prevent binding a future labor majority by an agreement with the nonsocialists. The party will not open the way for OD compromises; instead it wants to use a labor majority for such things as social reform, the introduction of a 7-hour work day with wage compensation, intervention against the private business sector and reducing unemployment.

6578

CSO: 3613/168

## POLL SHOWS LEFT SOCIALISTS BELOW THRESHOLD FOR FOLKETING

Copenhagen BERLINGSKE TIDENDE in Danish 6 Jul 86 p 3

[Article by Thorkild Dahl]

[Text] The Radical Liberal Party is regaining its strength in the politically quiet summer, and the Gallup poll shows that the party decides sovereignly whether Danish politics will be pursued by the government coalition or by the Social Democratic Party and the Socialist People's Party. With Radical Liberal support, the government will have 87 seats as against the 83 seats of the Social Democratic Party and the Socialist People's Party.

The voters agree with Steen Tinning, member of the Folketing of the Left Socialist Party, in his description of his party following the recent showdown and the withdrawals from the Folketing group, as a dying party. The voters do not allow room for the Left Socialist Party in the Folketing, and the setback of the extreme left wing takes place simultaneously with the weakening of the position of the Socialist People's Party among the voters.

It has hitherto been the growing strength of the Socialist People's Party and the support of the Left Socialist Party which were to carry through a red majority together with the Social Democratic Party, but the Gallup poll shows that together with the Radical Liberal Party, the government parties are able to muster 87 seats as against the 83 seats of the Social Democratic Party and the Socialist People's Party.

The five seats of the Progressive Party may technically decide the majority, but the voting in the Folketing on TV-2 showed that Prime Minister Poul Schluter (Conservative Party) does not want to pursue his policies together with Helge Dohrmann, irrespective of statements from the Progressive Party that they will vote against the government. When the Folketing resumes its work in the fall session it will be 3 years since the people of the Progressive Party were last invited to the Prime Minister's Department.

Within the government coalition, it has been the Conservative Party which obtained the additional seats, but the Gallup poll shows that the party of the Prime Minister following its soaring popularity is now again down at the same voting percentage as in the Folketing elections in 1984. The number of seats has been estimated at 43 now as against 49 in February.

The political summer holidays without any major showdowns have been good for the Radical Liberal Party which the voters in the heat of the summer give nearly the same strength as in the elections to the Folketing on 10 January 1984. With nine seats in his Folketing group, the leader of the Radical Liberal Party, Niels Helveg Petersen decides whether Danish politics will be pursued by the right or the left wing groups within the Folketing.

Distribution of Seats:

	<u>Gallup Poll</u>	<u>Election 1984</u>
Social Democratic Party .....	56	56
Radical Liberal Party .....	9	10
Conservative Party .....	43	42
Socialist People's Party .....	27	21
Center Democrats .....	7	8
Christian People's Party .....	5	5
Liberal Party .....	23	22
Left Socialist Party .....	0	5
Progressive Party .....	5	6



# (1) Politisk indeks

Indsamlingsperiode: (3)  
14. juni - 2. juli 1986

(2) Spørgsmål: Hvilket parti ville De stemme på, hvis der var folketingsvalg i morgen?

	(4) 10. jan. 1984 pct.	(5) febr. 1986 pct.	(6) marts 1986 pct.	(7) april 1986 pct.	(8) maj 1986 pct.	(9) juni 1986 pct.
Socialdemokratiet .....	31.6	29.6	31.7	31.1	31.0	31.1
Radikale Venstre .....	5.5	4.8	3.4	5.5	3.8	5.1
Konservative Folkeparti (12) .....	23.4	27.0	25.9	24.3	24.6	23.4
Retsforbundet (13) .....	1.5	-	-	-	-	-
Socialistisk Folkeparti (14) .....	11.5	13.6	15.6	15.0	15.4	14.7
De Grønne (15) .....	0	-	-	-	-	-
Det Humanistiske Parti (16) .....	0	-	-	-	-	-
Inter.soc. Arbejderparti (17) .....	0.1	-	-	-	-	-
Kommunistisk Parti (18) .....	0.7	-	-	-	-	-
Marx.-Leninistisk Parti (19) .....	0.0	-	-	-	-	-
Centrum-Demokraterne (20) .....	4.6	4.1	3.0	3.5	3.1	4.0
Kristeligt Folkeparti (21) .....	2.7	2.1	-	-	2.6	2.9
Venstre ... (22) .....	12.1	12.3	12.3	11.2	11.6	12.4
Venstresocialisterne (23) .....	2.7	2.1	-	-	2.1	-
Fremskridtspartiet (24) .....	3.6	-	2.5	3.7	3.0	2.7
Andre partier* (25) .....	-	4.4	5.6	5.7	2.8	3.7
Ialt (26) .....	100.0	100.0	100.0	100.0	100.0	100.0

\* Partier med mindre end 2 pct. af stemmerne. (27)  
Eftertryk kun mod anførelse af Gallup og Berlingske som kilde (28)



Key:

1. Political Index
2. Question: Which party would you vote for if elections to the Folketing were to take place tomorrow?
3. Period during which poll was taken: 14 June - 2 July 1986.
4. 10 January 1984 percent.
5. February 1986 percent.
6. March 1986 percent.
7. April 1986 percent.
8. May 1986 percent.
9. June 1986 percent.
10. Social Democratic Party.
11. Radical Liberal Party.
12. Conservative Party.
13. Single Tax Party.
14. Socialist People's Party.
15. The Greens.
16. Humanistic Party.
17. International Socialist Workers Party.
18. Communist Party.
19. Marxist-Leninist Party.
20. Center Democrats.
21. Christian People's Party.
22. Liberal Party.
23. Left Socialist Party.
24. Progressive Party.
25. Other Parties\*).
26. Total.
27. \*) Parties with less than 2 percent of the vote.
28. Reprinting subject to indication of Gallup Institute and BERLINGSKE TIDENDE as sources.

7262

CS0: 3613/171

## BRIEFS

PARTY WOULD AID ANC, SWAPO--Denmark, in line with Sweden and other countries, should give direct aid to the South African liberation movements, ANC and SWAPO, according to Socialist People's Party [SF] foreign policy spokesman Soren Riishoj. Immediately after the opening of Folketing in October SF will present a proposal concerning aid to the liberation movements that Riishoj says will be indispensable when South Africa has to be run without apartheid. "Compared to other countries Denmark has gone a long way in the area of sanctions against South Africa, but there is one negative element left, namely the lack of direct aid to the political organizations that will inevitably assume power after the apartheid regime comes to an end," said Riishoj. In view of the latest political developments in southern Africa, he thinks the Radical Liberals will support direct aid to ANC and SWAPO, enabling the establishment of a majority on the issue that excludes the government parties. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 7 Jul 86 p 5] 6578

CSO: 3613/168

## PRESIDENT APPROVES FOREIGN MINISTRY ASSIGNMENTS

Helsinki HELSINGIN SANOMAT in Finnish 12 Jul 86 p 6

[Article: "Matti Kahiluoto To Replace Pietinen, Leadership of Foreign Ministry's Political Section To Change in Fall"]

[Text] On Friday President Mauno Koivisto placed his seal of approval on the extensive round of appointments in the Foreign Ministry, which will bring a new chief to the ministry's most important section, the political section, as well as to three major embassies.

Seppo Pietinen, 60, who has held the post of political section chief for 3 years, will become Finland's ambassador to Paris in the beginning of November, and Pietinen's post will be occupied by Ambassador Matti Kahiluoto, 55. He is now the chief of Finland's special representation at the European Disarmament Conference being held in Stockholm.

Before being transferred to Stockholm, Kahiluoto served as ambassador to Israel in 1975-81 and ambassador to Yugoslavia in 1981-84.

A position opened up for Pietinen in Paris when Ambassador Ossi Sunell was appointed to be foreign service inspector in Helsinki. Pietinen was previously considered as ambassador to Brussels, but this did not come about since no agreement could be reached in the government on his successor.

Arto Tanner, the present foreign service inspector, will become ambassador to East Berlin, from where Ambassador Ensio Helaniemi will return to Helsinki to be a consulting officer.

The assistant chief will change in the Foreign Ministry's trade policy section in November when Friday's appointments will become effective. Present Assistant Chief Mauno Castren was named the ambassador to Ankara, Turkey and he will be replaced by consulting officer Alec Aalto.

Jorma Julin received the post of foreign affairs counselor in the trade policy section beginning in August, and Holger Standertskjold-Nordenstam's resignation was accepted effective in September.

#### Uggeldahl On Unattached List

The President placed Kurt Uggeldahl, chief of the Los Angeles Consulate General, on the unattached list beginning in August or more precisely assigned him to indefinite duties in the Foreign Ministry in Helsinki.

Uggeldahl will be transferred home for health reasons according to the ministry.

It has been reported that Uggeldahl has had alcohol problems at work and in recent years he has changed jobs quite frequently. During President Koivisto's first state visit to Sweden in the spring of 1982 Uggeldahl, who was protocol chief at that time, did not accomplish all of his assigned tasks and he was soon appointed as ambassador to Canada. Last September he was removed from the post of ambassador and transferred to the post of consul general in Los Angeles.

A new consul general has not yet been found to replace Uggeldahl.

A Foreign Ministry official may stay on the unattached list for 4 years. If a new post has not been found for him in that time, he is considered to be terminated from the services of the ministry. There are six other officers on the unattached list from before for various reasons.

#### Golan Commander To Change

Finland will assign a new commander to its UN Peace-keeping Force on the Golan Heights. Lieutenant Colonel Matti Lehtonen, the present commander, will return to Finland after a year's assignment.

The President appointed Lieutenant Colonel Finn-Goran Wennstrom as the new commander beginning in October. Wennstrom, who is from Helsinki, is presently a battalion commander in the Uusimaa Brigade.

Finland has approximately 400 men on the Golan Heights. In addition to Finns, an Austrian battalion as well as a Canadian and Polish supply unit make up the UN force monitoring the truce between Syria and Israel.

10576

CSO: 3617/142

## CONSERVATIVE PARTY RIGHT-WINGERS YIELD ON HOLKERI CANDIDACY

Helsinki HELSINGIN SANOMAT in Finnish 26 Jun 86 p 3

[Article: "Conservative Opposition Falls Behind Holkeri"]

[Text] The right wing of the Conservative Party's parliamentary group is yielding to pressures to support Harri Holkeri, Chairman Ilkka Suominen's presidential candidate. Those MP's who have shied away from Holkeri have sought an alternative to Holkeri during the spring session, but the proposed candidates have not expressed an interest in the offer of candidacy.

The Conservative group's right wing attempted to obtain a majority of the parliamentary group behind its candidate requests. The candidate request would have been submitted if Speaker Erkki Pystynen or Mayor Raimo Ilaskivi, who were declared competent as presidential candidates, had given the green light to the idea.

The seekers of an alternative thought that the presidential candidate the last time around will not be able to increase his support in the elections. A new candidate would in the opinion of Holkeri's opponents have a better chance of success in the race against President Mauno Koivisto and Foreign Minister Paa-vo Vayrynen, who are probable candidates.

The representatives have also been irritated by the strict military-like command that Holkeri has in the Conservative Party. In the last presidential elections Harri Holkeri demanded a public promise of support from all the MP's. With the prestige of his presidential candidacy Holkeri, however, supported Ilkka Suominen after the elections against Pertti Salolainen, the right wing's favorite, in the Conservative Party's chairmanship elections.

The leaders of the opposition group opposing Holkeri are MP's Tapio Holvitie and Iiro Viinanen.

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CSO: 3617/133

## RIVAL COMMUNIST NEWSPAPERS VIEW EXPULSION OF SKDL STALINISTS

## Moderate's Paper: Passed Limits

Helsinki KANSAN UUTiset in Finnish 6 Jun 86 p 2

[Editorial: "There Are Limits Which Cannot Be Exceeded"]

[Text] In the People's Democratic movement efforts were made for a long time (too long in the opinion of some) to ensure that the parliamentary group in the SKDL [Finnish People's Democratic League] would remain united in spite of the overall divisions in the People's Democratic movement.

Political problems have, of course, plagued the work of the parliamentary group for years already. Particularly during the time that the SKDL was in the government the group's minority went its own way completely independent of the decisions of the central organizations and of the group itself. This has eroded the political prestige of the group itself and of the whole movement.

The preservation of unity has been significantly easier in opposition for understandable reasons.

However, there are limits which cannot be exceeded. And such a limit was encountered this time because of organizational policy factors. The parliamentary group's minority is involved in the work of two parallel parties (the so-called Democratic Alternative and the so-called Central Committee of SKP [Finnish Communist Party] Organizations formed in Tampere) and has refused to resign from these organizations. However, one cannot simultaneously be a member of the SKDL's parliamentary group and of organizations working against the SKDL and the SKP. This is the political basis of yesterday's decisions.

Even as formal as the nature of the parliamentary group's unity has been, many may experience its division as a loss.

The correction of the country's present political line presupposes a consistent turn to the left. It also presupposes an increase in the political influence of the SKDL and the repairing of the damage which the actions of the minority wing have brought to the whole movement.



Minority Paper: 'Heavy Loss'

Helsinki TIEDONANTAJA in Finnish 6 Jun 86 p 2

[Editorial: "Dissolution of Parliamentary Group"]

[Text] The SKDL's parliamentary group has now been dissolved. Ten MP's who have consistently tried to act in accordance with those instructions which they have received from their constituencies have been expelled from the group. In the SKDL's group it has not now been difficult in this sense that the group has until now worked in a more unified manner than in many years during this election term.

One reason for the expulsion, perhaps the most important reason is to be found in this very fact. Aalto's faction has already made decisions on turning policy toward the right in the organizational machinery in control in the SKDL and the SKP. Over the long term it will not succeed without the support of the parliamentary group.

Attempts at a more right-wing policy -- in the unemployment security issue, among other things -- were made a year ago, however, without any success. Thus the only means left was to expel those who were pushing the group's policy toward the left, in the direction of its supporters. Just as those districts, sections, and individuals who promoted the same were to be expelled from the party, they were also expelled from the SKDL as well as the SAK [Finnish Confederation of Trade Unions].

Some formal, organizational reason has always been found for such expulsions, and for the parliamentary group it was the Democratic Alternative established out of necessity. But the real reason is to be found in politics.

The expulsions are a heavy loss for the SKDL's group. The work of the group depends on its members, and in expelling them the group also lost their experience, expertise, and enlightenment. This is usually called political madness.

This decision will also bring us closer to the final split of the Communists and the People's Democrats in the next parliamentary elections. This is generally considered to be an axiom, and has been so for a long time already.

In spite of this, every effort must be made to accomplish some kind of unity in the elections. The heaviest burden of this division will have to be borne by such Communist and People's Democratic supporters and voters who had neither part nor lot in these disruptive activities.

At this moment the best work for accomplishing this unity -- if not before the elections, then after the elections -- is the work on behalf of the Democratic Alternative. For it has come about from the necessity to assemble and unite all democratic forces, and it must also serve this work.

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CSO: 3617/132



PAPER: SITUATION IN COMMUNIST MOVEMENT 'ABSURD'

Helsinki HELSINGIN SANOMAT in Finnish 25 Jun 86 p 2

[Editorial: "Aalto's Prestige on the Rise"]

[Text] A recognition of the facts is the beginning of all wisdom in politics. The split in the SKP [Finnish Communist Party] has in recent months progressed to a point that having the former minority take an oath in the name of the SKP's old unity is mere Scholasticism, far from the reality of the day. There is simply no return to the past.

The actual problem has not been the minority, but the inability of the Soviet Communist party to adapt to the changed reality. The situation has been absurd; the Soviet Communist Party has maintained good relations with the SDP and the Center Party in the previous manner and has even maintained contacts with the Conservative Party, but the SKP's leadership has, for its part, received at the most what the minimum demands of protocol require.

From past experience we have learned how to read such signals in Finnish politics. As long as Arvo Aalto's relations with Moscow have been questionable, the Social Democrats have not had the slightest interest in restoring the old people's front cooperation. Not even in spite of the fact that the use of the SKP-card would appear to be rather necessary as a countermove to Paavo Vayrynen's efforts on behalf of a bourgeois cooperative front.

Inasmuch as the SKP's fall from grace continues into and beyond the parliamentary elections, the left wing will quite apparently have to enter the post-election government negotiations from weaker bargaining positions than ever before. A people's front alternative would be excluded already at the very outset. The SDP's readiness to continue a red earth cooperation could be seriously overshadowed by Vayrynen's possible prerogative to demand the prime minister's post for himself just before the presidential elections.

Perhaps such prospects lie behind the hints that Moscow is somehow ready to abandon its rejection of the SKP's present leadership and develop normal relations with it. It does not have to be a question of a final choice between Arvo Aalto's SKP and the Taistoite [Stalinist] minority. From the point of view of formality we still have only one Communist Party, in whose name, indeed, two separate election organizations are competing. The CPSU apparently

intends in the future to maintain relations at two levels: official relations with the official party leadership and unofficial relations with the parallel organs of the Taistoite faction.

This is a unique policy, but it will remain an internal matter of the Communist movement. From the point of view of state relations it is essential that Moscow is ready to maintain relevant relations with all our most important parliamentary parties.

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CSO: 3617/133

## ARMED FORCES RELEASES POLL ON SECURITY POLICY, WAR FEAR

Helsinki HELSINGIN SANOMAT in Finnish 25 Jun 86 p 13

[Article: "Fear of Major War Has Subsided, Defense Forces Publishes Poll and Security Policy Primer"]

[Text] Fewer Finns fear that war will break out between the superpowers in the near future. This was confirmed by the most recent opinion poll conducted by the National Defense Information Planning Committee (MTS). Portions of the poll were published on Tuesday, the 10th anniversary of MTS.

Only 2 percent of the Finns seriously believe there will be a major war in the next few years, and 14 respondents out of 100 consider war to be rather probable. Approximately 55 citizens out of 100 consider a war between the superpowers to be rather improbable.

Fear of a major war has subsided slightly since 1983. At that time every fifth Finn in the poll expected a major conflict between the superpowers in the near future.

The greatest fear of a major war was expressed in the 1981 poll. At that time nearly one-third considered a conflict to be probable.

MTS conducted the most recent security policy position study in January-February 1986. A portion of the results of the attitude poll was published in April already.

The report dealt with our opinions on Finland's foreign policy, overall security, national defense, and life's values.

In the poll Taloustutkimus Oy [Economic Research, Inc.] interviewed more than 2,000 Finns between the ages of 15 and 69. According to the firm, this group represented an accurate area-wide and social population structure.

The Army's information specialists conduct an annual study of the security policy positions of Finnish citizens.

### Training Wanted in Place of Arms Purchases

According to MTS's poll, approximately one-third of the Finns feels that they receive too little information about national defense. In 1978 nearly half of the respondents complained about the lack of information.

In both polls one in a hundred felt that there is too much information about national defense.

Among all the respondents 14 percent wants to improve the performance of the Defense Forces by weapons, and 21 males out of a hundred agreed. More than half, for their part, considered training to be the best and most effective means of improving performance.

Approximately 16 Finns out of a hundred do not want to provide any further development to the Defense Forces at all.

### MTS Also Seeking Ties With Trade Union Movement

In addition to publishing the polls, MTS emphasized rapid and reliable communication on its anniversary.

Years ago already MTS compiled instructions regarding information and communication under exceptional conditions for the provincial governments. The instructions are presently being refined to be made suitable for the local conditions of municipalities. In addition, negotiations have been conducted with the Finnish Broadcasting Company and STT, among others, about the transmission of information under exceptional conditions.

In the opinion of MTS, there is still more work to be done in making security policy known to women. The public relations people have already compiled a brochure entitled "women and national defense", which emphasizes women's role in civil defense.

### New Book Treats Peace Movement

The book "Suomalaiset ja turvallisuuspolitiikka" [Finns and Security Policy], which was published as a milestone in the 10-year existence of the MTS, was presented to Defense Minister Veikko Pihlajamäki on Tuesday.

The book, of which 5,000 copies were printed, will be distributed to government ministries and colleges. This work is considered to be a scientific approach to security policy. The book will be a continuation of the Finnish Security Policy Handbook published by MTS in 1977.

The bases of security policy and national defense, among other things, are explained in the book's articles. Also a whole chapter has been devoted to the peace movement. Its significance is evaluated from an officer's point of view. The future of security policy is not forgotten either.

Only five of the authors are military men. Two women write about security policy from the point of view of their sex and education. MTS also dared to include an article about conscientious objection in Finland in the book.

The MTS has 14 members and 10 experts, whom the Council of State appoints for the duration of a parliamentary election term. Chancellor Kaarlo Hartiala is the chairman of the National Defense Information Planning Committee.

10576

CSO: 3617/133

## FOREIGN AID PROGRAM DESCRIBED; EXCEEDS OECD

Helsinki HELSINGIN SANOMAT in Finnish 12 Jul 86 p 6

[Article: "Government Issued Development Cooperation Report: Finland's Development Aid Exceeded OECD Average"]

[Text] The proportion of the gross national product given to development aid by Finland exceeded the average for OECD-countries for the first time last year, discloses a development cooperation report issued by the government on Friday.

Last year Finland's development aid was 0.40 percent of the gross national product according to preliminary payment estimates while the aid of OECD-countries has been 0.36 percent on the average.

Last year a full 1.3 billion markkaa were spent on public development aid. In 1984 our country's development aid was 0.35 percent of the gross national product and this year it is expected to increase to 0.47 percent. Next year the intent is to raise the percentage share to 0.55. The intent is to achieve the goal of 0.7 percent established by the UN in 1989.

As appropriations increase, the administration of Finland's aid will have to made more effective according to the report. In 1985 preparations were made for the organizational reform of the development aid section, in which the section's specialized expertise will be increased and the field organization will be expanded.

It states in the report that the number of personnel in the development aid section in relation to the amount of aid given is smaller than in the other Nordic countries. The amount of development aid to be administered has increased from 6.7 million markkaa per worker to 11.8 million markkaa per worker from 1980 until this year.

The majority of development cooperation is directed at 15 target countries. Traditional program countries are Egypt, Kenya, Zambia, Sri Lanka, Tanzania, and Vietnam. Other major recipients of development aid are Bangladesh, Ethiopia, Nepal, Somalia, Sudan, Burma, Mozambique, Nicaragua, and Peru.

Last year approximately 60 percent of Finland's development aid was used for bilateral development cooperation projects and 40 percent for multilateral

projects. Approximately 30 percent of the appropriations for bilateral development cooperation was directed toward the least developed countries.

#### Problems in Mozambique and Nicaragua

In the government's report it states that "the poor security situation has complicated the accomplishment of planned cooperation in Mozambique and Nicaragua".

Aid to Somalia is examined in the government's report as an example of cooperation with the least developed countries. Cooperation in the area of water management is examined in the report in the light of examples from Sri Lanka and Vietnam. The intent is to continue cooperation with both countries.

Africa's critical economic situation was forcefully reflected in 1985's development cooperation according to the government. The emphasis of development cooperation with African countries was placed on the permanent improvement of rural conditions even if the amount of relief aid in foodstuffs to Africa's most distressed areas increased significantly during the year.

Area-wide cooperation with southern Africa's so-called SADCC-countries took shape during the report year. An agreement was reached on cooperation between the Nordic countries and the SADCC-organization made up of South Africa's neighboring countries on the initiative of Prime Minister Kalevi Sorsa. Foreign Minister Paavo Vayrynen signed the resolution concerning cooperation on behalf of Finland in January of this year in Harare, the capital city of Zimbabwe.

10576

CSO: 3617/142



## 'GUERRILLA' WARFARE REPORTEDLY CONTINUING IN ND

Athens TO VIMA in Greek 15 Jun 86 p 2

[Text] Fifteen days ago, New Democracy seemed to dominate the political scene of the country--on the side of impressions and initiatives--with the barage of publicity that followed the announcement of five of its deputies as candidates for election, especially those of Messrs. Milt. Evert (Athens), A. Andrianopoulos (Piraeus) and Sot. Kouvelas (Salonica). This feeling was intensified by a certain inconsistency and lack of conformity in the field of the broader Left involving persons and problems of cooperation in the municipal elections.

Last week the picture changed, not only because the situation of the Left was "cleared up," but also because the ND had a relapse of its ailment.

Messrs. Georgios Rallis and Ioannis Varvitsiotis publicly emphasized their dissent from Mr. Mitsotakis' views and practices. The former on the subject of the politicization of municipal elections and the latter on the submission of a proposal for censure of the government. Mr. Miltiadis Evert went ahead with his initial unifying initiatives (which, for the time being, ended ingloriously), Mrs. Anna Synodinou appears to have left the circle of Mr. Mitsotakis' supporters for good and Messrs. Ath. Tsaldaris and K. Laskaris did not hide their concern about the poor condition of the party apparatus in the large 2nd Athens District.

According to the view of the first intraparty dissenter with Mr. Mitsotakis, that of Mr. M. Evert, last week's gains do not appear to have been negligible. The former Finance minister was publicly congratulated for his candidacy and his political platform by Mr. Georgios Rallis and was not included in the sharp criticism against Mr. Mitsotakis by DI. ANA president, Mr. K. Stefanopoulos, and according to a special poll, was second in "appreciation and acceptance" (after Mr. Rallis) among the "top names" of ND by followers of all parties.

On the other hand, Mr. Mitsotakis is now forced to use a double standard of behavior if he wishes both to be convincing about the "elementary independence" of his candidates as well as to avoid the creation of explosive situations in his relations with the deputy-candidates.

Already Mr. Argis Filippidis (Volos) stated at the meeting of the parliamentary group that he does not share Mr. Mitsotakis' optimism regarding the municipal elections. Mr. Andrianopoulos is determined not to be reconciled with Mr. Skylitsis, while Mr. Evert has decided to convince, even publicly, through his coalition that he remains "always for unity, for bringing together and for renewal." These are pursuits that do not elicit any enthusiasm in Mr. Mitsotakis.

Last week's frictions had their repercussions in the revising of certain views about the municipal elections (but not on behind-the-scenes initiatives and schemes) on the part of the leadership of ND.

Thus, the most interesting part of Mr. Mitsotakis' address to the parliamentary group of New Democracy is not what he said, but mainly what he did not say. In essence, Mr. Mitsotakis:

Avoided repeating the allegation that the result of next October's municipal elections means approval or disapproval of the overall government policy, that is, a kind of vote of confidence for the government.

Avoided connecting--as he had done in his statements in West Germany--the negative electoral result for certain PASOK mayors with the demand for early elections in the spring. Mr. Mitsotakis spoke Thursday about "the very great political importance of the municipal elections" for all the parties with the exception of PASOK.

Avoided placing any particular importance and meaning on the candidacy of the five deputies, when 15 days earlier, he had urged them to "lead our struggle for the municipal elections in your cities."

These omissions constitute a retreat and a retraction by Mr. Mitsotakis of his initial declarations. They are not due exclusively and only to the impressions engendered by Mr. G. Rallis' statements regarding the limited effect the municipal elections have on the country's politics. They had been preceded by the public statements of Messrs. Milt. Evert and A. Andrianopoulos in which they denied the single-party character of their candidacy and the effort (which until then had been attributed to Mr. Mitsotakis) to oppose "on all fronts" the government and its policies.

In the meantime, this retraction by Mr. Mitsotakis does not appear to have cleared the air in the relations between the president of ND and Messrs. G. Rallis, M. Evert and Mr. A. Andrianopoulos and portends interesting developments and disagreements during the forthcoming months until the municipal elections. This is because behind the "word-screen" there exist different political views and strategies. It would be sufficient merely to analyze the meaning of "politicization" of the municipal elections in the eye of each of these ND officials.

Mr. Rallis, with his usual candor, placed himself not only against the partisanship (which Mr. Mitsotakis repudiates openly), but also against the "politicization," with the meaning that the municipal elections never created a "political problem" against the government in the past. In other words, the municipal election results cannot create a "question of confidence" for an administration.

Mr. Rallis' view is the most straightforward because it connects the term "politicization" with the conflict at the level of the classical political system (Chamber of Deputies, parties, government). Mr. Andrianopoulos and Mr. Evert prefer to use the term "politicization," but with a considerably different measuring and purposes than Mr. Mitsotakis'. The leader of ND maintains the view

that "all parties accept and seek the politicization of municipal elections. Both small and large parties do so, with the only exception being PASOK, which, as the party in power, has every reason not to wish that the forthcoming municipal elections be given a political context and for a political message to be forthcoming as a result."

It is clear that Mr. Mitsotakis is eager to connect the results of the municipal elections not with the overall government policy alone, but with the so-called "internal questions." In his ambition Mr. Mitsotakis believes that the other parties will also "politicize" any eventual negative results for PASOK's mayoral candidates in the large cities.

Messrs. Evert and Andrianopoulos use the term "politicization" in a much narrower sense and with other purposes.

Their objective is to censure the government's policy in Local Self-government and--in the case of Mr. Evert's "platform"--"show the Local Self-government as being an equal partner with whichever government in the big problems of every municipality." Mr. Rallis calls the effort to "remove the PASOK partisan mayors" as "non-political effort," while Messrs. Andrianopoulos and Evert call it "political."

Precisely this agreement on substance brought Mr. Rallis to congratulate Mr. Evert on being "a non-partisan candidate who will oust partisanship from the Athens City Hall," while on the other hand, the agreement on the terminology (politicization) did not prevent the behind-the-scenes clashes and dissatisfactions among Mr. Mitsotakis and Mr. Evert.

A more deep-rooted reason for the disagreement was the contacts of Mr. Evert with Mr. Giannis Averof who has DI. ANA's support and the rigid perception of Mr. Mitsotakis concerning the limits of the "independent candidacy" of Mr. Evert.

Mr. Mitsotakis would like Mr. Evert to be "above parties and independent" and, at the same time, a candidate with a "single-party backing." ND not only does not want to cooperate with other parties in the municipal elections (meaning DI. ANA because KODISO is moving towards cooperation with the Left), but forbids Mr. Evert to have talks and agreements along the same lines (!). For the time being, Mr. Evert has reacted with calm and self-restraint.

Mr. Mitsotakis' statement on this subject has set as an allowed limit for the candidacy of Mr. Evert as well as the other ND mayors only the "co-alignment" of cadres and members of the "broader democratic field" (DI. ANA, non-affiliated middle-of-the-roaders and New Democrats). In other words, it is the one-way street of "without terms" and positions for the support of municipal councilmen.

Mr. Evert is reported to have decided not to be bound by this "curb," both because it is his intention to project the broadest possible political image of his coalition and also because he believes that talks of cooperation with Mr. I. Averof and other cadres constitute, in principle, a "unifying initiative" and not an indication of political partiality. For his part, Mr. Andreas Andrianopoulos

(who, in addition to Mr. Skylitsis' candidacy, will have to oppose Mr. Katsafados, who will be backed by DI. ANA) intends, on the one hand, to give a multi-faceted political character to his coalition and, on the other hand, to tie his candidacy to the demand for renewal.

It is precisely this fact that constitutes the other point of friction between Messrs. Evert and Andrianopoulos and Mr. Mitsotakis. The ND president hopes, for the benefit of the overall policy of his party (if not for his own), for the successful outcome of the candidacies of Messrs. Evert, Andrianopoulos and Kouvelas in the first round. If everything goes well, Mr. Mitsotakis could claim these and other kudos, but, at the same time, there could be a strong demand "for the renewal trend to continue further and higher."

The question regarding the friction of last week is to what point Messrs. Evert and Andrianopoulos have decided to be believably "independent" mayoral candidates and how much the coalitions, the strategy and their programs will constitute conformity towards the (sub rosa) guidelines and intentions of the leadership. So far Mr. Evert and Mr. Andrianopoulos have been convincing that they can achieve the latter, Mr. Evert without becoming part of a group and Mr. Andrianopoulos with the ability to keep things on an even keel.

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## SOVIET 'DISINFORMATION' SERVICES SAID TO BE ACTIVE IN COUNTRY

Athens I VRADYNI in Greek 13 Jun 86 p 4

[Text] With no trouble, ample finances, and our government's support, foreign-directed mechanisms of propaganda and disinformation are active in our country. Even worse is that there is no opposing effort. There are no corresponding mechanisms on our side to unmask the foreign center which directs this activity and counter their lies. There are no barriers to hold back the torrent of foreign propaganda which has flooded our country.

The most recent example is the Emergency International Meeting of Solidarity [DSA] for the People of Libya, which took place in the Pandeios School and continued in the Ag. Varvara municipality. As reported by a pro-government newspaper: "This international meeting was organized by the World Democratic Association of Women [PDOG] and the Women's Association of Greece [OGE].

Approximately 40 women from several countries representing their organizations participated. The opening session was addressed by the University of Athens Rector Mikh. Stathopoulos, the Rector of the Agricultural School and Chairman of the Greek Committee of World Solidarity Poulouvassilis, the chairman of European Security and Cooperation Prof. Agouridis, and others.

Under the Prompting of the Kremlin

Did anyone make any effort to inform the Greek people, and how many in our country know what the PDOG and OGE are? What is the ideological position of the rectors and the professor who so eagerly rendered their prestige to the meeting? And what policy is served--knowingly or not--by those who took part in this emergency international meeting?

We'll try to give an answer based on the facts we know: PDOG was established in 1945. It is headquartered in East Berlin and has branches in 116 countries. OGE is its section in Greece, created by the Communist Party (KKE). PDOG is one of several international front organizations created after the war by the Soviet Union to direct and coordinate extra-party propaganda of the communist movements. It is designed to influence segments of the population beyond their political-ideological orientation.



The most important among the other 10 is the World Council for Peace, with which PASOK Deputy at Large Khr. Markopoulos, Chairman of KEADEA (PASOK's "peace movement") is harmoniously cooperating; followed by the World Trade Union Federation, the World Federation of Democratic Youth, the International Student Association, and the Solidarity Association of Afro-Asian Peoples.

These organizations are carefully camouflaged precisely because they are designed to influence and mobilize segments of the population in each country which does not belong to the communist parties. They appear as ideologically neutral and hide their true political identity.

They resort to deceitful trickery, but the West now knows that--as Konstantin Chernenko said in June 1983--all this activity resembles that of a well-tuned orchestra directed by the international relations section of the CPSU Central Committee through the KGB's Active Measures Section.

This is what the two rectors and the professor served, whether they liked it or not, when they rushed to greet the emergency international meeting for the protection of Qadhdhafi. We respect their Marxist orientation. It's their right to believe whatever they wish, but it is one thing to accept an ideology and another to serve the propaganda and disinformation agencies of a foreign power. If they do not know it, they should try to find out. It is not difficult.

Foreign and local organizers of the meeting should have rented space in a hotel or have been guests at the KKE House of the People. Who gave them the space in the Pandeios School and by what right did they do so. Pandeios belongs to the Greek state, not to the KGB.

We pay for Pandeios with our taxes and at least half of the Greek taxpayers disagree radically with Soviet positions on the problems of international security and peace. By what right are they forcing us to unwillingly finance Soviet propaganda in Greece? Could any government representative give us an answer to this question?

#### The Reply

During the meeting one heard statements which can only be regarded as monuments of shamelessness and hypocrisy. The PDOG secretary general Madame Tuominen said:

"The attack on Libya is one more link in the long chain of provocations, attacks, and other criminal acts directed against the peace-loving countries which defend their peoples against foreign intervention."

The OGE Chairman Zizi Sakellariou, going one better, said:

"The terrorist raid of the United States against Libya is a link in the chain of provocations and threats against international peace and the right of people to live and create peacefully." She added: "Women must understand that any nation that decides to live, and to live independently, is not a terrorist. A terrorist is whoever tries to impose his designs; in the case of the United States the designs are expansionist, neo-colonialist, warlike, and destructive."

Because the memory of these two ladies appears to have empty spaces, we must remind them that the U.S. simply conducted a retaliatory attack against the Qadhdhafi springboard of international terrorism (certainly not an invasion or a forced establishment of another government). The tragedy in Afghanistan continues for the seventh year with 500,000 dead and 5,000,000 refugees, along with the tragedy of Cambodia, in its seventeenth year, with more than 2,500,000 dead and an unknown number of refugees.

Today Cuba and Nicaragua (and almost Grenada, too) are Soviet outposts in Latin America. In Angola--to limit ourselves in it--there are still 35,000 Cubans as an occupation army and approximately 1,700 Soviet and East German "advisors".

But we think it is better to let another woman answer the two ladies, the rectors and professors who admire the KGB's Active Measures Section. She is not Greek, she is Italian, the well-known journalist Oriana Fallagi who wrote in the WASHINGTON POST:

"Is it the fault of the Americans if Qadhdhafi launched his rockets against the Italian island of Lampedusa? If he kills Italian fishermen in international waters in the Gulf of Sidra, which Qadhdhafi considers his own? If Qadhdhafi's men murder Libyan refugees in Rome, in London, or in Paris? If he finances and instructs those who skyjack airplanes and kill their passengers?

"[Is it America's fault] if his terrorist agents carry death in their luggage, and cause an explosion in an airliner in flight, hurtling to the ground from two miles up women and their babies? Is it the fault of the Americans if there is an explosion in a Berlin discotheque?

"Or [are the Americans to blame] for the murder of 399 American and French soldiers in Beirut? Or for the slaughter of innocent people in the Rome and Vienna airports? Or for the take over of the Achille Lauro and the murder of an old man in a wheelchair? Or for the murder of an unarmed policewoman in London?"

What is the answer of the two ladies who worry so much about Qadhdhafi?

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CSO 3521/203



## KKE-INT LEADER DISCUSSES FORMATION OF NEW PARTY

Athens ENA in Greek 12 Jun 86 pp 41-47

[Interview by A. Delis with KKE-Int. Secretary General Leonidas Kyrkos]

[Excerpt] [Question] ...But let us talk about the new party, Mr Kyrkos. Among your comrades in the KKE-Int. many are wondering how the party can "exist" without the hammer and sickle. You are a communist.

[Answer] We are communists, renovating communists. This is important. We are communists, we are fighting for autonomy. No one directs us. There is no international center; we have no need to replace Moscow, Peking, Rome, or Havana. We are answerable to our people. For us democracy is a rule of life. It is not merely a declaratory behavior but a behavior which manifests itself in every area.

We are advocates of a new type of unity, because without it nothing can be done. Neither PASOK, KKE, nor ourselves, can do anything alone. Let us assume that KKE-Int. grows much more. Say we reach 15, 20, or 40 percent [of the vote]. I say, let us just suppose. To bring about change it is necessary to have not just 51 percent but a tremendous support by forces which are also organized. But be careful. They are not organized in the form of parties, but in other social entities such as trade union movements, women's movements, youth, ecological...in brief we want to work with all the social forces which do not necessarily find their true expression in any of the parties.

[Question] And why should they find true expression in your party?

[Answer] We will respect their autonomy. We now have tremendous proof of the value of democracy...it was our Congress. How can there be cooperation? Through the rules of democracy, of course, but after we declare our truth, after we accuse each other, after we identify the points on which we disagree. In this way, the necessary syntheses will emerge.

[Question] Allow a brief interruption Mr Kyrkos. One observation only: KKE-Int. is an almost unique phenomenon in the history of parties. While it has the support of public opinion, it gains few votes.

[Answer] It does not [gain votes] because it is considered a small party, that's all. The people will make their choice and assume the responsibility for it. If they are pleased with the way things go, they will vote for PASOK. If they want to go back to the trap of the Right, they will vote for the Right. If someone wants to commit suicide, you try to stop him, but you stop him only for a while. In the end he will kill himself, he will find the opportunity to do so.

I am sure our people do not want to commit suicide. Not at all. They want to go ahead. Now we have the experience of the Right, as well as the experience of PASOK. We have the experience of KKE. We see it every day. Will KKE ever change? Let's hope so. We'll be the first to rejoice. We see some evidence of fresh thinking, but [what about] its machinery? We'll wait and see. The proposal is to strengthen this new entity.

You asked me before: What are you going to do with the hammer and sickle? But this symbol puts its seal on an entire epoch. We carried it proudly, we defended it with our blood and it will stay forever in our hearts. But I look forward. The other person is not a communist but he is a revolutionary...

[Question] But the problem is with the communists. The other day the FORTNIGHTLY CITIZEN wrote: "How can anyone ask a communist to be a member of a party which is not communistic...?"

[Answer] Our era has swept away all such simplifications. In Denmark the Communist Party was split--it remained while the renovating communists formed the People's Socialist Party [PSP] of Denmark. Denmark's Communist Party has 1 percent, while the PSP, with the Eurocommunists as its leading force, has 15 percent. Some of those in the CITIZEN must make up their minds. Do they want the Eurocommunist ideas to remain at zero percent or to reach the wide masses?

A communist is not one who simply holds some strong symbols in his hands! We have unlimited respect for these symbols, but a communist is one who associates ideas with the masses. It's not only the example of Denmark. Really, I would like to ask the CITIZEN whether it knows what the name is of the former Communist Party of Hungary? Do they know the name of the communist parties of Korea, Albania, Poland? Or, shall we say that the members of these parties are not communists?

All these parties are called Workers' Parties. Do they know the name of the Communist Party of East Germany? United Socialist Party! Are they not communists? Some people must understand that these novel dogmatisms must be fought against because they distort creative Marxism.

In our era, a communist is not one who speaks the language of the holy books but one who, starting from the teachings, can make the boldest analysis of our era and can unite the ideas with the masses.

I said it once and I'll say it again. I was, I am, and I will die a communist of the Renovation. I am not going to deceive anyone. But precisely because I am a Renovation Communist and a follower of the theory of creative Marxism, I extend my hand to you, my comrade, socialist, who has formed a different consciousness, who does not want the hammer and sickle because it does not express you; but you find that my ideas express you; and I tell you: Come let us walk together in a party with full equality...

But I also want to speak to the person who voted for PASOK and sees the present situation: This way today, that way tomorrow. Today our enemy is private enterprise; tomorrow private enterprise is our hope. Today we are going to throw out the bases, while the seas are heavy with American power; tomorrow the seas are calm and the bases will stay.

Andreas may say the strategic goals cannot succeed from one day to the next and that we are moving in that direction, but we see we are moving in the opposite direction. Look at what is happening with PASOK. If you want to go to Salonica you take the national highway to Lamia. But if you, with shouts and enthusiastic gestures, take the highway to Korinthos you will go to Patpas. You will never see Salonica. PASOK, while taking socialism to Salonica, has taken the highway that goes to Patpas. Most people are beginning to see that...

[Question] In the criticism that takes place inside KKE-Int. we often hear that you are "Right of the Left." How do you feel about this?

[Answer] I deeply respect the right of criticism and the right to form a personal view. I know very well that for many of my comrades I am a rightist in the context of the Communist Movement. But I would be very displeased to hear that there is an effort to spread this view behind my back. This would annoy me very much and I don't know how I would react.

But I told you. They all know I believe in open discussion. In an open discussion I would accept any kind of criticism. "Leonidas you are a rightist". Therefore, what you did was rightist. This would be marvelous. But to have all those things said behind my back, and, moreover, by uninformed persons! This I would not like. I have my share of mistakes; I never denied it, but I am ready to explain to everyone my thinking...

When I publicly addressed the housewives, I considered and I consider our mothers a precious element for our party. I spoke to them without underestimating the feminist movement, the role of women. I am on the side of women, possibly one of the most advanced supporters of the women's movement and equality. I share housekeeping chores with my wife. But my objective is to reach the housewives. I don't care about formalities and pretensions.

For some comrades this was incomprehensible; they thought it was a crime to address the housewives; they felt I should have addressed myself to the

feminist consciousness. They made the distinction! I had spoken for the women's movement and its role. But I also spoke to the housewives.

A second illustration: They said Leonidas addresses himself to the rightist workers and does not promote class consciousness. This is a large mistake, because Leonidas addresses himself to the conservative workers, but before that he spoke exhaustively on the role of the working class in society, on the role of communists in shaping the common consciousness of the working class, but he also speaks to a large segment of our people who are workers and who have a different political consciousness.

I speak to them as well, and I am not the only one doing so. Andreas does the same thing. Florakis, too. Because, what are we going to do with 42-44 percent of the New Democracy? Please analyze it. It's made of farmers, workers...

[Question] But, of course, Mr Kyrkos, not all ND voters are industrialists...

[Answer] Of course they're not, and that's why I say it is madness. It is a confirmation of what I call neo-dogmatism. I will address myself to them and try to win them over. But, of course, you do not do so by saying that you over to their side. You tell them: You are a worker and I call on your class consciousness...But Leonidas is rightist because he talks to rightist workers. What madness!

I would like us, therefore, to check our steps one by one because if you are rightist, then, to be able to talk to the people, to discuss and to win them over, we, the communists, must indeed become...rightist communists.

You know it is fashionable now to talk revolutionary, ultra-Left, to manufacture our "constructs" and to be ignorant of the society in which we live. No one is going to follow us if we ignore society and speak of ideal situations. If we want to change this society we must enter its heart; we must get to know its psychology; we must understand it in order to change it. Marx taught us this. The philosophers explained the phenomena thus far. Our role is to change society, but to change it we must first come to understand it. And to understand it, we must understand how it thinks. We must live with the people, explain, teach and be taught.

[Question] These views are known to be yours. But with regard to your Congress--which was unquestionably democratically organized--some of your friends said the big victor was...Florakis.

[Answer] Florakis is a sound person and I think if you asked him, he would tell you that "he never heard worse nonsense." That's what I think he would say.

Look. There were no concessions to anyone. There are some whom I called old-line communists who would say: Don't you see? Our viewpoint won out--

there is only one Communist Party, KKE! Bravo, I say, remain with the mentality of the old-line communists tied to 6, 8, or 9 percent, because that will take you below your current strength...

But I don't care how they judge the new party. What I want is to see this effort succeed. And I deeply believe it will succeed. We'll meet with tremendous difficulties. We'll face a relentless war against us. Our own internal frictions will create problems, too.

To have forces with different experiences, different history, different traditions come together is a tremendous task. It will be necessary to have a truly intellectual, moral, political effort--unprecedented maybe--but such are the problems of our times.

Facing the specter of a nuclear catastrophe, humanity will be destroyed unless the forces that want to save it come together. I often ask myself, what has a better smell, a flower or the corpses of millions!

[Question] But the flower, of course, Mr Kyrkos. Is there any questions about it?...

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CSO: 3521/197



## ND CHARGES GOVERNMENT WITH ALTERING DATA ON AILING COMPANIES

Athens I KATHIMERINI in Greek 27 Jun 86 p 7

[Text] The New Democracy party charged the government [of misrepresenting] the results of the balance sheets of ailing companies. Specifically, ND, in a statement issued yesterday, charged that the results of ailing companies have been altered--as shown by the reports of certified public accountants--in order to cover up mismanagement of their administration and to sugar coat the very bad picture.

More specifically, ND notes that the auditors' reports, which accompany publication of the financial statements, reveal situations which constitute a deliberate change of the results, a violation of Law 2190 in the accuracy of financial statements, and undermining the very institution of corporations. It adds that the government bears a heavy responsibility for this situation.

ND denounces the government before the Greek people for a) mismanagement and lack of all sense of responsibility and control over the ailing companies; b) violating the rules of equal status before the law and of free competition between the ailing companies and other sound enterprises; and c) showing contempt for every principle and regulation relating to preparation of financial statements of ailing companies.

ND accuses the government of trying to sugar coat conditions of the ailing companies and covering up the responsibility of the government-appointed management and its own responsibility

#### It Should Order an Audit

If the government is truly concerned about legality and honest management of these companies, which are not subject to the known auditing process of government, then it should order an exhaustive audit, according to the ND statement.

"We warn the government," ND states, "that it cannot hide behind the administration it appointed in order to cover up its own heavy responsibility. Nevertheless, this does not relieve these administrators of their own heavy responsibilities for the virtually uncontrolled management of tremendous



economic interests and the manufacturing of false balance sheets, with contempt for every legal regulation or accounting principle.

"In the name of what morality and law will the courts or the tax collector accept such accounting 'shenanigans' and refuse to accept them from private enterprises?

With Foresight

"How is it possible to register as income old debts of billions of drachmas while assured losses, fines, expenditures, etc., are not even mentioned?

"How is it possible to transfer work performed this year into 1985 accounts just to include income in last year's financial statement to show profit instead of loss, or at least to show less of a loss? Just a look into the financial statements of Pyrkal, or Larko is enough to understand the significance of the above charges," the ND statement added.

"These findings"--it concluded--"constitute a symptom and confirmation that the falsehoods and deceit the PASOK government has introduced into political life is an endemic phenomenon in all activities related to the government."

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CSO: 3521/187

## BIGGEST CHANGE UNDER GRO HARLEM BRUNDTLAND IN FOREIGN POLICY

Stockholm DAGENS NYHETER in Swedish 28 Jun 86 p 3

[Article by Erik Magnusson; first paragraph is DAGENS NYHETER introduction]

[Text] After scarcely 2 months in power, Norway's new prime minister, Gro Harlem Brundtland, has set a new policy line. But it is a policy without the traditional Social Democratic stamp, writes DAGENS NYHETER's correspondent in Oslo, Erik Magnusson. Instead, Brundtland has gotten support for a markedly middle-of-the-road policy.

Oslo--Political strikes, trade union discontent, broken election promises, nonsocialist threats of a vote of no confidence, and economic austerity. The end of Norway's hectic political spring has been no less intense than its beginning.

The Brundtland government inherited the Willoch government's worries: low oil prices, an unstable state of equilibrium in Parliament, and a labor market which does not seem to have realized that Norway has entered a severe economic crisis.

When Prime Minister Kare Willoch survived last fall's parliamentary elections by the smallest possible margin, several observers felt that Willoch had been "condemned to govern." Carl I. Hagen, Parliament's and the Progressive Party's "Gossen Ruda," wound up with a key vote and was in a position to bring down the nonsocialist three-party coalition whenever he liked.

With great assistance from the coalition parties and the Labor Party, Hagen brought down the Willoch government.

In the aftermath, however, it can be told that Gro Harlem Brundtland was "tricked into taking control of the government." She herself was not unconditionally interested in taking over as the new prime minister.

But the grass-roots Social Democrats in Parliament forced the leader of the Labor Party to vote down the nonsocialist austerity policy, bring down the government, and move into the Government Office 15 floors up in downtown Oslo.

## Quick Pace

From the Labor Party's standpoint, the change of government did not come at the best time. Chaotic wage negotiations in the public sector were in the offing, and the Labor Party had not yet completely abandoned its slogans from the election campaign concerning "growth for Norway" and "time for reforms."

But the government has moved at a very quick pace to take back its "voter guarantees" and fair promises concerning the Norwegian economy.

Norway's change of government came abruptly and suddenly, but not entirely unexpectedly. For the Labor Party, it illustrated the danger of pursuing an overly opportunistic opposition policy in an uncertain political situation.

It was not just Norway's economic worries that forced Gro Harlem Brundtland to abandon earlier promises of new jobs, greatly expanded health care, and more day care centers.

The government's survival requires that Gro Harlem Brundtland pursue a policy without the traditional Social Democratic stamp. The solution is a markedly middle-of-the-road policy that pleases the Center Party and the Christian People's Party, especially in its economic and social aspects.

## Supporting Party

Even the government's statement of policy as it took office attached great importance to regional policy and morality, issues which usually do not receive high priority in the Labor Party but which are basic to the Center Party and the Christian People's Party.

The government has gone to such lengths to satisfy the demands of both middle parties that some political observers are now describing the Labor Party as a supporting party for the middle parties rather than the reverse.

Gro's ability to tighten Norway's economic belt in a way that will bind the middle parties closer to the Labor Party is not entirely a disadvantage for the Social Democrats, however.

By strengthening her ties with the middle parties, Gro Harlem Brundtland is simultaneously driving a wedge into the previously smooth cooperation that existed among the three nonsocialist parties. The Conservative Party is standing out as an increasingly isolated party in its criticism of the new government's policy.

Just over a month ago, there were not many people who believed that the Brundtland government could survive past autumn. Not even Mrs Brundtland herself expected a long life as prime minister.

Now that the nonsocialists are displaying a lack of unity on issue after issue--tax policy, farm subsidies, media policy, and so on--they are also undermining the credibility of a nonsocialist alternative for government.

The Conservative Party is obstinately clinging to Kare Willoch as the nonsocialist candidate for prime minister even though it must find a new leader for the 1989 parliamentary election.

At the same time, the Center Party and the Christian People's Party are sulkily threatening to form a purely middle-party government. Neither Kjell Magne Bondevik nor Johan J. Jakobsen is a strong contender, however, for the post of head of the government. Only if Gro Harlem Brundtland herself is prepared to step down can the two middle party leaders compete for power.

So far, however, both middle party brothers seem more than pleased with the policy being pursued by the Labor Party. They themselves could not administer a more markedly middle-of-the-road policy.

#### Carbon Copy

The emergency package of 3.5 billion kroner that was approved by Parliament last week was largely a carbon copy of the austerity package already put together by the middle parties in cooperation with the Conservatives. The Conservative Party's initials were absent from the package this time, however, and the middle parties were even able to get their own changes adopted as part of the Social Democratic minority government's austerity package.

So what is new in the new government's policy?

Of course, not much can happen in 2 months' time. In economic policy, the government's ambition is to create a better "social profile" than the one achieved by the nonsocialist parties during their 5 years in the government.

No one doubts the government's will to repair "the Norwegian model" and impart new strength to the idea of distribution policy in a newly rich Norway where entirely new gaps in prosperity have appeared.

But the minority government is unlikely to win support for its proposal to "swindle" high-income earners out of their deductions by introducing a new gross earnings tax--that is, one in which part of the income tax would be calculated on gross income.

#### Emphasizing Norway's Views

The changes in direction are more obvious in foreign policy, an area that is mostly a matter of rhetoric, of course.

In relation to NATO, the Norwegians will attempt to emphasize Norway's views more clearly on controversial issues. Among other things, this will include the new race in connection with chemical weapons, the U.S. space weapons program, and a nuclear-free zone in the Nordic Region.

Those changes are welcomed by the middle parties, which were not entirely satisfied with the Conservative foreign policy experts that Kare Willoch had assembled in his office.

The zone issue has not yet been discussed by NATO, but Minister of Foreign Affairs Knut Frydenlund is expected to take the initiative in starting a thorough discussion of the subject at a meeting with his Nordic colleagues in August. A joint Nordic committee of government officials will presumably also be appointed at that time to analyze the advantages and disadvantages of the zone idea.

Prime Minister Kare Willoch held back on that committee to the very last even though it was supported by most of the middle party politicians in Parliament.

#### Supports OPEC

But perhaps the finest proof of how the Norwegian Government has changed its foreign policy rhetorically without changing its actual conduct is to be seen in its oil policy, which is becoming an increasingly important segment of Norway's foreign policy as the country's oil production rises.

Norway is now supporting OPEC's efforts to force up the price of crude oil. Norway is promising to reduce its own production to help force up the price. But its promises are hedged in by so many conditions and restrictions that no one can really take them seriously.

And in any event, the new signals in oil policy are irritating Kare Willoch, who now occupies a key position as chairman of the Foreign Affairs Committee.

Willoch is obviously afraid that relations with Norway's petroleum-producing neighbor Great Britain and with the United States may be harmed if cooperation with the oil cartel is too close.

#### Thatcher's Visit

As prime minister, Kare Willoch fought to maintain good and close relations with the conservative governments in the United States and Great Britain. Reagan is not in the habit of inviting Social Democratic politicians to visit him, but it is worth noting that Prime Minister Margaret Thatcher will make a rare visit to Norway this fall.

Europe's two female heads of government will have the opportunity at that time to compare their widely differing points of view. If the atmosphere at that meeting turns sour, the reason will presumably be the cloud of British sulfur dioxide that is acidifying Norway's forests, lakes, and mountains.

Thatcher's visit will be the first by a British head of government since Norway got its own Ministry of Foreign Affairs as a result of the dissolution of its union with Sweden in 1905.

#### Union Displeased

The Social Democratic government is handling its dealings with Thatcher, the nonsocialist opposition, and other conservative groups with great success.

But Gro Harlem Brundtland's policy of compromise is creating a severe lack of unity within the Norwegian labor movement.

The union displeasure with the government's wage policy that has been fermenting in Norway ever since Brundtland came to power at the beginning of May may mark the beginning of the end for close cooperation between the Labor Party and the LO [Norwegian Federation of Trade Unions].

The paradoxical result of Gro Harlem Brundtland's exceedingly difficult job as Social Democratic head of government when there is a nonsocialist majority in Parliament may therefore be that she will succeed in disarming all her opponents at home and abroad but that her own people will turn their backs on her.

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## PRD: TRUST IN FUTURE UNDER EANES LEADERSHIP

Lisbon O JORNAL in Portuguese 18 Jul 86 p 8

[Interview with Herminio Martinho by Manuel Beca Murias; date and location not specified]

[Excerpts] PRD [Democratic Renewal Party] has put on the "launching pad" the national convention in October at which Ramalho Eanes will make his formal entry into the party created around him. At that time, the current president will yield his position to the "chief," but will remain at his side. Until then, the Renewal members guarantee that they will do nothing to overthrow Cavaco Silva, for the sake of stability; but they also say that they will not tolerate "situations of impunity." And, if there are early elections, Herminio Martinho thinks that PRD would have the most to gain from an electoral standpoint; in this regard appearing more optimistic than the majority of observers.

O JORNAL: After all, did you or did you not say that you would leave PRD if General Eanes did not join it?

Herminio Martinho: I am somewhat amazed at what has been published in the newspapers. In Abrantes, I did not make that assertion verbatim. On the contrary, I even said that we were in the final stretch of General Eanes' entry into our party, and that all the speculation raised in this regard had come to naught.

## Eanes Enters PRD At the Top

[Question] Are there no difficulties with establishment on the national level of organization?

[Answer] There are, there are difficulties with the party's organization and establishment. I have not concealed the fact. They exist, and in all districts. There are difficulties of this type, and I am convinced that they will never cease to exist. This has nothing to do with General Ramalho Eanes' going to the district or not.

[Question] But wasn't there a time when General Eanes' entry into PRD was in doubt?

[Answer] I talk with General Eanes every week. There was never any doubt. General Eanes has said the same thing: if the party succeeds in ensuring the change that is needed, with different action and practices, his entry would never be in doubt. What has always been in question has been the party's action and practice, never this or that person.

[Question] Nothing has been decided?

[Answer] Nothing has been decided.

[Question] What position will General Eanes hold in PRD? A rank and file member, or a top-ranking figure? What will the status of engineer Herminio Martinho turn out to be?

[Answer] Obviously, General Eanes can only join PRD for the position of president. As for my situation, it is a question that has been brought up several times. I have always said that I was not, and I have not been, concerned about myself.

#### There Is No Agreement With the Government

[Question] It has been said that PRD has made a behind-the-scenes agreement to enable the present government to continue its activity.

[Answer] PRD has not made any agreement with the government; it has not received any proposal in this connection. Our position has been decided since we resolved not to make the government inviable, in November of last year; because we regarded it as negative for the country to have the state of instability which was constantly experienced, with the persistent requests for a "street government" 2 or 3 months after it went into operation. PRD was of the opinion that the government should have a reasonable, minimal period of time so that its action could later be analyzed stringently and honestly. At that very time, it was established that this period should be 1 year. But we also stated that we would not be available for any agreement, or to set up any negotiations. We have not changed this position of ours, nor shall we, within the period that we set then.

#### In the Event of Early Elections

[Question] In a radio interview, there was a phrase that impressed us. It was when the comment was made, "when we arrive in power." Does PRD expect to arrive in power soon? Does it expect to be the one most voted for in the next elections? You told me that it has not made any behind-the-scenes agreements. Then wouldn't that power be for now?

[Answer] To date, no possibility of a parliamentary or governmental agreement has been raised for PRD. If I spoke about "our coming to power," it was because PRD's plan, with General Ramalho Eanes' entry, unlike what many want people to think, will acquire a new dynamics, and it is essential for our country's future. We shall continue to work in that direction, and try to

prepare ourselves so that, in future elections, we may attain a dimension that will enable us to engage in governmental activity and, through that activity, implement our program and our plan.

[Question] Hence, the "arrival in power" that you mentioned has nothing to do with the immediate present?

[Answer] It has nothing to do with the immediate present, because PRD, in particular, and as I noted in November, would not want to participate in a government in which it was impossible to materialize the essential features of its plan and its program. It is, therefore, extremely difficult to participate in a government with either of the parties currently ahead of us from an electoral standpoint, PSD [Social Democratic Party] and PS [Socialist Party]; mainly because (and the public realizes this) it is these two leading parties that are responsible for the situation that the country has reached. It was partially due to the governing ineptness that they showed which led to the necessity for creating PRD.

[Question] When you say that PRD would have no fear of elections in the future, what was the basis for this assertion?

[Answer] Our assertions were based on the analyses that our studies office have been making for nearly a year, the accuracy of which reality will prove, and not the polls, which on the eve of the 6 October elections even gave us a maximum of from 10 to 11 percent.

[Question] But the majority of observers think that, if there are early elections, PRD would be crushed.

[Answer] There are conditions for PRD's being benefited in the next elections, owing to the attrition caused by PSD's stay in the government. Look at what happened to PSOE [Spanish Socialist Workers Party]. Gonzalez is a good head of government, and nevertheless, PSOE declined. On the other hand, Dr Vitor Constancio will have the greatest difficulties. One need only observe what is happening all over the country. Who are the people and what is the backing that he has at present? It was precisely the same things that led PS to the situation in which it finds itself. Moreover, the new PS leader will have problems with the present parliamentary group, elected in another context of the Socialist Party, which will not correspond to what the new leadership wants now. Vitor Constancio himself has not been elected deputy. An opposition party must have its parliamentary group as a fundamental component for its action criticizing and combating the government. The Socialist leaders themselves have not concealed the fact that their party will need at least 2 years to ensure such a "renewal." When PS talks about "renewal," it is a plagiarism taken from us, as it also is when Vitor Constancio claims that he "is not in a hurry," as I said here 6 months ago. They are trying to imitate us; which is a good sign for us. In this connection, I assert, and I shall continue to assert that not only do I not fear early elections, but I think that PRD could be the one most benefited from them.

[Question] Don't you fear an ebbing movement toward PS on the part of persons who abandoned it to vote for PRD?

[Answer] I don't know anyone from PRD who has returned to PS because of Dr Vitor Constancio. And I know some PS members who have contacted PRD to join it after the election of the new Socialist secretary general. This is the concrete situation, and it is with concrete facts that we shall operate.

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## IMPORTANCE OF NEW FREITAS FOUNDATION CONSIDERED

Lisbon SEMANARIO in Portuguese 19 Jul 86 p 7

[Text] Next Wednesday, the formal ceremony establishing the 21st Century Portugal Foundation will take place. The creation of the Freitas do Amaral Foundation holds particular importance in the strictly political realm.

In the first place, the foundation contains elements representing all the movements of the center and right, excluding only a portion of PSD [Social Democratic Party] (with Soarist leanings) and the irretrievably conservative area of the Portuguese right. The unity reflected in the foundation is the unity of AD [Democratic Alliance] and of the recent presidential campaign. Not only has there been unity, but good unity as well.

Secondly, the initiation of the foundation marks the end of a harboring of concerns aroused regarding Cavaco Silva's position and the possibility of a dispute occurring between him and Freitas do Amaral. The PSD leader is the uncontested leader of the Portuguese right, but it is nonetheless true that Freitas do Amaral is considered its symbol, at least for the time being. To nearly 3 million Portuguese, both complement each other, each in his own function, and any friction would entail serious political damage for both and for the entire area that they represent.

Third, and lastly, the foundation will be an instrument that will enable Freitas do Amaral to remain active in Portuguese politics.

Making the foundation a party would be a gross mistake; making it compete with PSD would be monumental naivete.

But for PSD particularly, to reject the availability of a man who managed to gain nearly 50 percent of the vote would be an even greater mistake; because Cavaco Silva will need in the next elections (whether early or not) the aid that he himself gave to Freitas do Amaral in the presidential elections.

And in legislative elections, 49.5 percent is a resounding victory.

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## SPANISH PARAMILITARY GROUPS REPORTEDLY FORMED IN MELILLA

Madrid CAMBIO 16 in Spanish 7 Jul 86 pp 132-138

[Article by Rafael Cid, Miguel Angel Liso, and Jose Diaz Herrera]

[Text] While the Muslim leader, Aomar Mohameddi Duddu, has organized parallel general elections in Melilla, the extremist groups are threatening to create commando groups to prevent the "sale" of the town to Morocco. This could be the first crisis for the new government.

Civilian groups with a conservative ideology and officers and petty officers from the Army have started creating paramilitary action commando groups in Melilla to oppose with arms, if necessary, the possible surrender by the Spanish Government of the sovereignty of this fortified town to the Kingdom of Morocco.

The action commando groups are being created based on the OAS (Secret Army Organization) model, a clandestine French paramilitary group founded during the spring of 1961 by General Raoul Salam to prevent the independence of Algeria and to perpetuate the French colonial presence in that country.

The appearance of these commando groups coincides with the Socialist government's decision to grant the national identity document to the nearly 27,000 Moroccans living in Melilla, most of whom have undocumented status.

To an extensive sector of the Spanish population residing in the fortified town, this government measure in fact represents the first step toward surrendering Melilla to King Hassan II. According to the same sources, the granting of Spanish nationality to the Muslims of Moroccan origin settled in Melilla would bring the leader of that community, Aomar Mohameddi Duddu, to the office of mayor of the town, and then the Spaniards would become second-class citizens.

CAMBIO 16 was told by the head of the Pro-Melilla Association (APROME), Juan Diez de la Cortina: "The granting of identity cards to the Moroccans is a legalized sale of Melilla to the Moroccan kingdom." "If the government betrays us, which I doubt, because they are as Spanish as we, we would be ready to defend Melilla with arms, and we think that the Army would back us," added Jaime Galiana Galiana, a shipowner and head of the residents association of the La Paz district of Melilla.



The paramilitary action commando groups being organized secretly in Melilla have the support of certain extremist police, children of military personnel, and officers and petty officers of the Armed Forces. Their members do not exceed 50 persons, although they claim to have the backing of a large portion of the Melilla population.

According to an account from some of their members, the first meetings to create these groups were held in bars and coffee shops near the military barracks. One of these premises is the Red Rooster bar located next to the former Regulars 2 barracks in the upper part of Melilla.

The members of the paramilitary action commando groups have been recruited from the residents associations of the Constitucion, El Real, and La Paz districts. The purpose of these groups is not only to prevent Melilla's surrender to Morocco, but also, according to one of their members, "the self-protection of the Spanish population against the constant aggression that it is suffering from the Muslim population living in the city."

These individuals, most of whom are of an extreme right-wing ideology, with exacerbated nationalism, think that the government and the police have given in to the blackmail of Aomar Mohameddi Duddu, and have not adopted measures to prevent the constant provocations from the Muslim population.

One of the members of those paramilitary commando groups remarks: "For a year, and with increasing frequency, there have been consecutive Muslim demonstrations in downtown Melilla. The Arabs come down armed with clubs, knives, and even hunting shotguns, and the government has not adopted any measures to prevent such acts from being repeated."

According to the Melilla paramilitary action groups, "The government has given in to the Arab population, without taking the interests of Spaniards into account. Aomar Mohameddi Duddu and his politico-cultural organization, 'Terra Omnium' [everyone's land] are the real masters of the town. The government's delegate, Andres Moreno, and the police have become the servants of the Muslim population."

One of the secret groups' spokesmen claims: "It is an affront to all Melillans that the government has allowed the holding of parallel elections among the town's Muslim population. It is disgraceful that the government delegate should allow Duddu to have a guard force of 10 or 12 Muslims, as if we would kill him; when it has been proven here that the only criminals existing are the Arabs. It is insulting that they should be given the identity card and put on a par with the Spanish population, which treats them at the social security clinics at the cost of our money, while our children have to go to other hospitals."

In view of this alleged state of abandonment and sell-out, the paramilitary action groups in Melilla claim to be ready for anything. They maintain that they are periodically receiving military training, and that they have firearms and a communications network capable of mobilizing several hundred persons in less than 15 minutes.

One of them asserts: "The person who receives the call to alert must notify 10 others, and each of those 10 mobilizes another 10 persons, who must tour the city by car alerting the population."

The appearance of the paramilitary groups in a town which, until a few months ago, was considered peaceful and calm is the result of the bipolarization that has occurred in Melilla since the advent of the politico-cultural association, Terra Omnium, and the Melilla Democrats Party, organizations created to agglutinate the power of the Muslim community in Melilla, dissociated from the official institutions, and to extricate the Arab population from the ostracism and alienation in which it has traditionally lived.

The creation of these institutions, headed by the charismatic Muslim leader, Aomar Mohameddi Duddu, an economist and former head of the PSOE [Spanish Socialist Workers Party], aged 36 and trained at the University of Malaga, has given rise to the creation of a Muslim counter-power in a town in which the population of Arab origin had never had a political consciousness, had not proposed any type of demand, and was stoically accepting its status as third-class citizens, without claiming any type of rights.

Faced with the Muslim counter-power, in a border town claimed by the Kingdom of Morocco as part of its territory, the Madrid government has had no solution other than to make a series of concessions to the Arab population during recent months, in order to prevent consecutive outbreaks of violence. Nevertheless, one of those measures, the promise to grant Spanish documentation to the nearly 27,000 Muslims residing in Melilla, has created a severe uneasiness among the Spanish population, which thinks that when the Moroccans receive their full right to vote, they will impose a Moroccan administration and will end up expelling the Spaniards.

The insurance agent, Jose Luis Garrido Puga, claims: "If they give the identity cards to the Arabs, it's all over here; because I'll be the first to take to the street. Here, it's either them or us."

Juan Diez de la Cortina, head of APROME, for his part, remarks: "In Melilla, the foreigners are the Arabs, and if the government sells us, I and many Spaniards will go with our suitcases and our children to live in the houses of the military."

The president of this town's Chamber of Commerce, Francisco Marquez Vivanco, notes: "I think that Melilla is for sale, and if the government wants us to leave, we shall go; but if they give documentation to the Arabs, that will be the end. It will be impossible to coexist with them."

#### The Tragic Week

The state of bipolarization that the town of Melilla has been experiencing since the promulgation of the Law on Alien Status in the fall of 1985, had its culminating point 2 weeks ago. On the night of 18 June, when Spain defeated Denmark by 5 goals to 1 in the World Soccer competition in Mexico, hundreds of Spaniards, carried away by the euphoria of the victory and by a presumed vengeful and racist

sentiment, gathered in front of the residence of the Muslim leader, Duddu, with national flags and pictures of Franco, and began insulting him:

"Duddu, bastard; Spain, champion."

Butragueno's 4 goals over the Danes were the fuse that would cause the most violent week ever recalled in Melilla since the civil war. Alerted by Duddu's Arab guard force, thousands of Muslims left Canada de la Muerte [Ravine of Death] at 0500 hours and headed for General Aizpuru Street in the downtown section of the town, armed with clubs and knives, to defend their leader.

To prevent the confrontation between the two communities, it was necessary, at that point, for the government's delegate in Melilla, Andres Moreno, to remove from their houses the Civil Guard commander and the Melilla leader, Aomar Mohameddi Duddu, and head for the Muslim "ghettoes" to calm emotions.

The extreme Spanish reaction had only begun. The next day, headed by the candidate for deputy and the two candidates for senator representing the Popular Coalition, hundreds of persons gathered in front of the Government Delegation and threw 1,000 eggs at the building's facade.

The police, who were supposed to put down the demonstration, acted halfheartedly, and Andres Moreno, the government delegate, dismissed the National Police captain, Jose Luis Cervino, and 20 other national policemen, who were transferred to the peninsula. A few hours later, four inspectors from the Superior Police Corps, declared persona non grata by Duddu, left for Costa del Sol, officially transferred on the pretense of reinforcing security in that area.

The "expulsion" of the 25 policemen from Melilla coincided with the arrival in the town of 200 members of the La Coruna and Zaragoza reserve companies, aboard three Army Hercules planes; who, some hours later, very severely put down several demonstrations by Spanish citizens, sending 100 of them to the first-aid station.

The state of violence and demonstrations ended on 22 June, the date of the general elections, in a spectacular political upset. PSOE which, a week earlier, was winning the elections in Melilla with 74 percent of the vote, lost the only deputy in the fortified town, as well as the two senators, to Popular Alliance.

The Melilla population of Spanish origin, 82 percent of which had voted for the Socialist Party in previous elections, exceeding the national average to a considerable extent, became in this way radicalized against the government, which it accused of a sell-out and betrayal of Melilla.

Nevertheless, according to various political observers, these ultra-nationalist demonstrations in which there was participation by persons ranging from Communist militants to followers of Blas Pinar, conceal a deepseated racist, colonialist sentiment.

According to the same sources, very few persons accept the fact that the town is located geographically in North Africa, within Morocco's cultural space,

and that with the passage of time, there will have to be a decolonizing process in the region, similar to the one which has occurred all over the African continent since World War II.

Few Spaniards in Melilla accept being labeled racist. "We are not racist," claims Jaime Galiana Galiana, head of the La Paz residents association. "The Moroccans live much better in Melilla than in Morocco. We allow the Muslims to enter our association's bar, but we don't even let the "chorizos" (the undocumented ones) come near the door."

The Muslim population thinks that this type of position and other similar ones are obvious signs of racism. In Canada del la Muerte, Fatima Mohamed Cadu, aged 18, claims: "They dismissed me from the job that I had as a maid in the house of a Spaniard, who was paying me 12,000 pesetas a month, and kept me without social security just because I had attended a demonstration of Muslim women."

Fatima Mohamed also maintains that many Muslims have been refused entry into certain bars in downtown Melilla, because the Spaniards use them only for the most arduous jobs, "like mules carrying burdens, denying us any right that would convert us into free citizens."

#### The Muslim Counter-Power

In view of all this "aggression," the Arab population of Melilla has reacted by creating parallel institutions, which represent a real counter-power in Melillan society. On 21 June, a day before the general elections, the Muslims voted at the mosque in the Canada de la Muerte district, in ballot boxes provided by the government delegate. Aomar Mohameddi Duddu proved to be the winner.

The Melilla journalist, Armando Robles, charges: "The government is to blame for the creation of these institutions of parallel power, by lending a legal nature to these elections, providing the ballot boxes, and forcing the police to oversee the integrity of the voting."

After these "elections," Duddu has now threatened to hold parallel municipal elections and to create a town hall for the Muslims in the event that the current Melilla Corporation does not meet the water, light, and sanitation requirements of the Muslim districts.

At a Muslim demonstration held opposite the town hall recently, Duddu claimed: "This is our country, and they will only remove us from here dead. When they say that we undocumented persons have to leave, they forget that, in any case, the ones who would have to leave are they themselves."

The same opinion is held, on the other side of the trenches, by the ultra-nationalists, who have started creating armed groups of the Algerian OAS type. On the very day when the harshest confrontations with the police took place, some of them, together with other Melilla citizens, went to see the general



commander of the fortified town, Jose Carrasco Lanzo, asking him to arm the population, as was done in 1936, to defend it from the Muslims.

#### Stateless In Their Own Country

They hold the worst jobs; they live in the most wretched districts (Canada de la Muerte and the Cuernos district); they have no rights.

Of the 27,000 Muslims residing in Melilla, under 3,000 have the Spanish national identity document. The rest are undocumented or have a "statistical card," an invention of the administration used as a mere instrument for control.

The statistical card does not give them any rights. It does not even allow them to rent the house in which they live, to procure medical care in the social security hospitals, or to leave the town without a safe-conduct from the government delegate.

The ancient Spanish prison in Melilla is a huge jail measuring 12 square kilometers, for many of the Muslims living in it. PSOE member Jesus Morata remarks: "Not only is the Muslim population socially alienated, something that occurs among other peoples of Spain, but it is legally alienated as well. The 'Moors' are stateless in their own country."

The Muslims who have their DNI [national identity document] in order and, theoretically, have the same rights as the other Spaniards, encounter more difficulties than the rest of their fellow citizens in purchasing land, opening business establishments, etc. They are discriminated against in the employment offices.

Francisco Narvaez, a PSOE council member, claims: "The discrimination occurs because Spaniards tend to identify the Muslims with the Moroccan claims to Ceuta and Melilla. In fact, not only is there discrimination against them, but it is also feared that, some day, they may occupy the houses, cars, and jobs held by Spaniards now."

Hence, the Spaniards in Melilla are in a temporary situation, with their bags packed ready to leave. The head of the Melilla Merchants Association, Manuel Cuenca, notes: "Since the independence of Morocco was declared in 1956, many Melillans have begun to put their businesses and part of their money abroad, for fear that the Moroccan kingdom may annex the town. Today, it may be claimed that at least 90 percent of the Spaniards living in Melilla have a second residence in Malaga or Almeria, and many others have parallel business establishments on Costa del Sol."

2909

CSO: 3548/71

## SOVIETS URGE INCREASE OF BARTER TRADE AS OIL PRICE DROPS

Helsinki HELSINGIN SANOMAT in Finnish 24 Jun 86 p 20

[Article: "Aristov and Laine Seeking New Incentives for Finnish and Soviet Trade"]

[Text] Serious efforts are being made to accelerate Finnish and Soviet compensation transactions, which have been at a standstill for a long time. Also completely new forms of trade are being sought to stimulate economic relations between the two countries.

Various joint ventures would be one of these new means of conducting trade. This plan, which is just emerging, was brought up at the negotiations begun in Helsinki under the direction of Soviet Foreign Trade Minister Boris Aristov and Finnish Foreign Trade Minister Jermu Laine.

Foreign Trade Minister Aristov arrived on his first visit to Finland and to the West since he succeeded the distinguished Nikolay Patolichev last year. Aristov became acquainted with the Finns last December already in Moscow at the signing of this year's commodity exchange agreement.

At that time a barrel of oil was 28 dollars. In 6 months this price plunged to less than 13 dollars and the value of imports decreased drastically. Energy, primarily oil and petroleum products, makes up 80 percent of Finland's imports from the USSR.

The 5-year general agreement between the two countries will be supplemented with respect to the years 1987--90 during Aristov's visit. The objective is to find additional imports and guarantee the level and balance of trade.

In a statement issued at the airport Aristov said that Finland's exports to the Soviet Union will not have to be reduced. He, however, admitted that prospects for the rest of the year are not easy to predict.

"If I were clairvoyant, answering would be easier," said Aristov. After negotiations that lasted significantly longer than what was scheduled for the evening, the cheerful foreign trade minister said that there are many problems and questions, but "we are not needed if there are no problems".



Aristov's colleague, Jermu Laine, was also hopeful with respect to the fact that Finnish businesses will not have to cut back their exports to the USSR this year. Since the planned additional imports will not yet balance the trade in the current year, special arrangements will have to be made for this year.

The credit limit on the trade clearing account between Finland and the USSR is 300 million rubles or approximately 2.2 billion markkaa. This year's trade volume will show a deficit of 4 billion markkaa as far as Soviet imports are concerned.

According to Monday's estimates, this year it will be necessary to resort to credit arrangements, which will be clarified in the course of this week's negotiations.

#### Coal and Petrochemicals

The targets of additional imports are primarily coal, petrochemical products, and semi-finished products of the chemical industry as well as raw materials. In addition to additional imports and the supplementary schedule of the general agreement, discussions will also be held on enterprise-level transactions during the week.

Industry already has several previously negotiated agreements on exports to the USSR and several projects in the preparation phase. Whether industry's hopes regarding the signing of certain significant transactions are realized on Friday depends, to a great degree, on the current week's discussions. In the first round of the negotiations it was reported that Minister Aristov accelerated the so-called compensation projects, in particular. Neste, among others, has conducted negotiations for a long time already on the construction of a plant producing gasoline additives in the USSR. Compensation trade means that the builder of the plant will receive the plant's products as payment.

The financing of the construction phase, which lasts several years, has been a problem. An attempt to find a solution to this problem will be made in the current week's negotiations.

The representatives of Finland's shipyards hope that the discussions will produce information about the delayed ship orders. Recently, the Soviets have complained that Finnish ships are too expensive.

In addition to the negotiations, Aristov's schedule in Finland will include an extensive familiarization with Finnish industry and commerce.

#### A Meeting With Koivisto

President Mauno Koivisto will receive Aristov on Tuesday at his summer residence in Naantali's Kultaranta. Aristov will also visit Wartsila's Perno Shipyard and Huhtamaki. On Wednesday he will tour the Yhtenäiset Paperitehtaat [United Paper Plants], Valmet's Linnavuori Production Plants and the Lenin Museum in Tampere. Trade negotiations will also be continued on Wednesday

morning at the civil service level under the direction of Under-Secretary Paa-  
vo Kaarlehto and Deputy Foreign Trade Minister V. I. Vorontsov.

Negotiations on a supplementary schedule will conclude on Friday morning at  
the negotiations of the complete delegation. Prime Minister Kalevi Sorsa will  
host a luncheon for Aristov on Friday at Kesanranta. Aristov will return home  
on Friday evening.

10576

CSO: 3617/133

## SOVIET MINISTER URGES FINNAIR TO TURN TO EAST FOR AIRCRAFT

Helsinki HELSINGIN SANOMAT in Finnish 9 Jul 86 p 25

[Article by Jyri Raivo: "In Finland We Are Posing Obstacles to Deputy Minister A.N. Manzhulo's Drive: Now Is Not the Time for Aircraft Purchases and Joint-Venture Companies in the Soviet Trade"]

[Text] The Soviet Union is very interested in establishing mixed companies jointly with Finnish firms. A decision on establishing several mixed companies may be forthcoming in the very near future.

Finnair has for the first time seriously begun to discuss the purchase of Soviet aircraft.

This is what Soviet Deputy Foreign Trade Minister A.N. Manzhulo said in an extensive interview published on Tuesday by KANSAN UUTISET. Both of Manzhulo's announcements were, however, prematurely attributed to the Finnish party to the affair.

Both the mixed companies and the aircraft purchases are ideas that were raised during Soviet Foreign Trade Minister Boris Aristov's visit to Finland last week. As the Finns understand it, they will not be implemented for a long time to come, if indeed at all.

According to the statement Manzhulo made to KANSAN UUTISET, "we are pleased that Finland has for the first time seriously begun to discuss the purchase of aircraft with us." The deputy minister also considered possible aircraft purchases to be important from the standpoint of relations between the two countries "aside from the financial aspects of the matter, for example, in terms of tourism."

## Finnair: No Negotiations

At Finnair they did not acknowledge that any serious negotiations on aircraft purchases had been entered into. According to the company's marketing director, Leif Lundstrom, Minister Aristov with his party did indeed meet with Finnair's top management and they spoke about Soviet aircraft production too in connection with the meeting. At Finnair these talks were not, however, interpreted as "serious negotiations."

The company is not even particularly interested in them. Lundstrom said that there is not a single kind of aircraft in production in the Soviet Union or even as a very far advanced development project that would meet Finnair's current or known needs.

Manzhulo's allusion to the coupling of aircraft purchases with tourism strikes Lundstrom as odd. Finnair has been interested in charter flights to vacation spots on the Black Sea, but they have been rejected by the Soviets, who claim technical difficulties as an excuse. Still earlier this spring Finnair would have been quite interested in a Kiev route. After Chernobyl these dreams were very deeply buried and, according to Lundstrom, there are no other routes that interest Finnair aside from the present Moscow and Leningrad flights.

#### Mixed Companies Downright Odd

Like most of their countrymen, Finland's Soviet trade officials are almost down to the last man on their annual vacation they have earned.

Embassy counselor Tapani Lehtinen of the Foreign Ministry's Trade Policy Department said they also discussed the establishment of mixed companies unofficially in connection with Minister Aristov's visit. In Finland it is, however, generally believed that the possible creation of mixed companies will still take a long time if only because there is not yet legislation in the Soviet Union that would make it possible to found such companies with the Western countries.

Industrial Confederation director Aarne Castren also said the same thing. According to him, the whole business is so new that industry has no clearcut opinion on it. "[The idea of] mixed companies was raised in connection with Aristov's visit and after that everyone went off on vacation. We will probably get back to the issue during the Economic Commission meeting in September," Castren said.

The Soviet Union already engages in such, elegantly put, joint-venture type collaboration with some socialist countries. A few weeks ago the news spread from Sweden that Sandvik was engaging in extensive joint-venture company projects with the Soviet Union, but in Finland this report was regarded as premature.

The Soviet Union is believed to be interested in joint-venture companies because, among other reasons, the country may obtain know-how, risk capital, business management skills and training through them, all of which skills there is a shortage of in our eastern neighbor country. Finnish exporters to the Soviet Union might at least be attracted to joint-venture companies by the possibility of obtaining new export opportunities and royalties outside clearing accounts.

## Finnair Will Not Readily Buy Aircraft from Soviets

The pressure once again strongly produced by the trade policy situation to buy Soviet aircraft for Finnair is again putting the familiar old squeeze on general manager Gunnar Korhonen only a few months before retirement. The national interest may, at least in the opinion of some, require us to purchase Soviet aircraft. The interest of the company makes it absolutely necessary for it to fly with Western equipment.

Korhonen has had to resolve the same kind of situation several times before too. The end result is well-known. Soviet trade balance problems have been resolved in other ways. With the backing of his politically very influential board of directors, Korhonen has bought those aircraft he himself and the company's engineering staff have felt were best. These aircraft have come from either the United States or France.

Not a single one of the commercial aircraft at present in production in the Soviet Union is suited to Finnair's needs. The Finnish company is committed to the American McDonnell Douglas Company's MD aircraft for its mid-range flight equipment and to the French-Italian ATR for its short domestic routes. A new aircraft primarily to replace the DC-10 on long runs will be considered sometime during the next decade.

There is no such aircraft in the Soviet Union. The country's only wide-body civilian aircraft, the Il-86, is equipped with engines that consume a lot of fuel and are out of date by Western standards. A successor, the Il-96, is being developed, but in the West its engines are believed to be of roughly the same class as on the Il-86. Large overflow engines that economize on aircraft kerosene have been a problem for Soviet engineers.

## Not Interested in Side Benefits

An ATR size class aircraft is also on the drawing board in the Soviet Union, but Korhonen has not tried to have anything to do with it as either a seller or a buyer. He has in a preliminary way discussed the possibilities of supplying serving tables, among other items, for such aircraft from Finnair's Savonlinna factory, which is at present the only producer of serving tables for the ATR.

Pictures representing other aircraft on the drawing board have, to our knowledge, been shown to Finnair representatives too, but it is quite a long way from them to serious sales negotiations. Nor do the potential side benefits of tourism attract Finnair to these either. The company has little interest in new Soviet routes, nor do they believe at Finnair that the Soviet Union will link such aircraft sales with the right to fly over the country on a Peking route, regarding which they intend to begin negotiations in September.

Operational economy and competition are the two most important reasons why Finnair does not want to buy commercial aircraft from the Soviet Union. The competition forces Western designers to optimize the operational economy of their aircraft by using the latest techniques. The requirements are not so rigorous in the East.

The Finnish company that competes with other Western companies in the world does not regard Soviet equipment as a competitive advantage, but as a drawback. With these arguments and the backing of the very highest people in the country, Korhonen has rejected demands for the purchase of Soviet aircraft before too.

The arguments are the same as the earlier ones and support is nearby. The Finnish chairman of the Economic Commission, Prime Minister Kalevi Sorsa, is the chairman of the Finnair board of directors.

11,466

CSO: 3617/138



## SOVIETS INCREASE PURCHASES OF RAIL CARS

Helsinki HELSINGIN SANOMAT in Finnish 9 Jul 86 p 3

[Text] Rautaruukki has contracted to supply the Soviet Union with 1,200 new special rail cars. Three hundred cars will be exported before the year is out and the remaining 900 next year. The value of the sale is 400 million markkas.

The cars to be shipped this year will fill a gap left by mineral fertilizer cars. This spring the Soviet Union refused to buy 550 fertilizer cars from the Otanmaki factory because they were too expensive in the opinion of the buyer. They have not yet reached agreement on the fertilizer cars.

Rautaruukki's goal was to export 1,800 cars to the Soviet Union this year. The contract that has just been signed means that the company will export 1,500 cars.

Two hundred of the cars to be shipped this year are lumber cars and 100 are liquid food transport cars.

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CSO: 3617/138

## SUPPLEMENTAL BUDGET INCLUDES HELICOPTERS FOR BORDER GUARD

Helsinki HELSINGIN SANOMAT in Finnish 12 Jul 86 p 6

[Article: "Year's First Supplemental Budget Is 1.1 Billion"]

[Text] On Friday the President of the Republic approved the current year's first supplemental budget. The final sum of the supplemental budget is 1.1 billion markkaa.

The supplemental budget includes funds for, among other things, increases in unemployment security benefits approved in connection with the labor contracts negotiated in the spring as well as for advancing the dates of construction jobs and procurements. The energy tax reform was also adopted in connection with the supplemental budget.

The supplemental budget also contains funds for arrangements with respect to the Ajokki Company's economy. The Border Guard received authorization for the procurement of two medium-size helicopters and an order for one outer patrol boat. The Defense Forces may procure additional Soviet-made specialized equipment.

The government's debt management will eat up most of the supplemental budget's funds. The Council of State also received authorization to take out an additional loan this year amounting to 1.8 billion markkaa so that older unfavorable loans can be changed into more favorable loans.

10576

CSO: 3617/142

## ECONOMIC CRISIS PLANNING PANEL ISSUES FARM RECOMMENDATIONS

Helsinki HELSINGIN SANOMAT in Finnish 24 Jun 86 p 11

[Article: "Crisis Committee Considers Fields As Best Emergency Reserves"]

[Text] The Economic Defense Planning Committee wants to retain our country's present 2.2 million hectares of fields as suitable for cultivation. The present number of hectares would be sufficient to guarantee a food supply during a trade embargo lasting 3 years if Kemira's plans for a nitrogen plant using peat as a raw material are accomplished.

The directives presently in effect with respect to the emergency stockpiling of grain should not be changed in the opinion of the committee.

The food supply group in the planning committee, which has taken 2 years to prepare its report, published the results of its work on Monday. Two different "threat scenarios" serve as the basis of the report. In the first Finland finds itself in a 6-month economic crisis, and in the second alternative the crisis extends to 3 years and the situation includes a threat of war.

The group proposes that food supply plans during a crisis be expanded from other premises also, "a nuclear fallout", among other things.

"The effects of a nuclear fallout were deliberated in the planning committee and we have requested statements on future planning from our own food supply pool and farm section," points out Planning Director Mika Purhonen. "A clarification of the effects of a fallout will be tedious, our first attempt will be on the basis of these two models," says Jorma Kallio, the chairman of the work group. "Taking fallout into consideration would have produced a completely different procedural proposal."

In principle there are two alternatives in the event of nuclear fallout, emergency stockpiling or foreign imports.

#### Storage Considered To Be An Expensive Solution

Markku Suojanen from the production and marketing policy group of MTK [Agricultural Producers Association], who participated in the work of the food supply group, argues that the food supply cannot be made permanently dependent on

stockpiles during a crisis. "Stockpiling is expensive and presupposes an operational transport system. The report proceeds from the premise that the present field area must be preserved."

The stockpiling goals contained in the grain storage law in effect represent a total of 900 million kilos. Without replenishment these reserves will be exhausted in less than a year. After that, in practice there will not be any feed grains as well as bread grains.

In fact, last month there were 933 million kilos in the government's grain storage facilities. According to calculations, the warehouse, however, needs a margin of more than 300 million kilos for conducting its transactions. The goal of the grain storage warehouse is 1.3 million [sic] kilos and this should be accomplished in 1987. However, at the same time preparations are being made for a law by which these goals would be postponed by 5 years.

The present goal should be accomplished without delay in the opinion of the Economic Defense Planning Committee.

In addition, the planning committee is proposing the development of small farms, the supply of a labor force for agriculture during a crisis, experiments on the ability of farms to withstand a crisis, and the procurement of electric generators as reserve power sources for livestock facilities.

The planning committee hopes that Finns will eat more grain instead of meat as in the 1950s. The number of cattle would not have to be limited more aggressively than at the present time, but the production of pork and eggs would have to be gradually reduced during a crisis.

All in all, the work group is rather optimistic. According to the report, it would be possible to guarantee four-fifths of current farm production even if imports were cut off. From current reserves there would be sufficient fuel oil for tractors for a long time. The completion of Kemira's new nitrogen plant is, however, an unconditional prerequisite for the productivity of fields. A large new plant would be capable of producing one-third of the present annual consumption of nitrogen fertilizers.

#### Haavisto Wants Report on Nuclear Fallout

"A similar report should also be compiled immediately on how the food supply would be ensured and protected in other exceptional crises, as in the event of a possible nuclear fallout," commented Chairman Heikki Haavisto of the Agricultural Producers Association.

"Of particular interest is the fact that in order to guarantee the food supply in a crisis situation, the whole present field area under production would be needed while under normal conditions domestic consumption can be satisfied with a clearly smaller field area. If the field area is reduced, emergency stockpiling will have to be increased perceptibly."

The Economic Defense Planning Committee is a committee of experts established by the Council of State. Its predecessor, the Economic Defense Advisory Committee, began its work in the 1920s already. The present planning committee was established in 1955 and its position was confirmed by legislation in 1960.

Until now the planning committee along with its sections has operated under the jurisdiction of the Ministry of Trade and Industry. The food supply group is proposing in its report that its position in the planning committee be better protected. The group considers the transfer of agricultural planning under exceptional conditions to the Ministry of Agriculture and Forestry as another alternative.

10576

CSO: 3617/133

## SOCIAL SECURITY PAYROLL DEDUCTIONS INCREASED

Paris LE MONDE in French 2 Jul 86 pp 1, 31

[Text] Reestablishment of a tax on all incomes (0.4 percent) and an increase of 0.7 percent in old age contributions are the two measures for ensuring the financing of social security announced by Mr Seguin, minister of social affairs and labor, on 1 July. These decisions constitute a victory for the minister; he was opposed by Mr Balladur, who was anxious to promote a reduction in obligatory deductions.

Economies, or new revenues, or both? "Social contributions" levied on all incomes, or an increase in the old age contribution--since it is retired persons who play a determining role in the difficulties of the general social security system? To these questions, asked several weeks ago, to ensure the equilibrium of the general system--in fact after Mr Chirac's speech before the National Assembly--the government responded on 1 July, through Mr Philippe Seguin, minister of social affairs.

The response has three propositions: First, one cannot avoid calling for supplementary financing without substantial risk in 1987, unless drastic--and politically impossible--economies are implemented. Second, to furnish the revenue, there will be a combination of a partial reestablishment equal to the social contribution (0.4 percent) on all income, and an increase of 0.7 percent in the old age contribution (for individuals, not business firms), with the hope of thus sparing the moderate salaries (supported by the FO [Workers Force], CFDT [French Democratic Confederation of Labor], and the CFIC [French Confederation of Christian Workers]), and on the other hand the workers, farmers, and liberal professions (unless there prove to be too many disadvantages.

Third, to modify the system slightly and carry out the necessary economies, social partners and those responsible for social security funds are being asked to reflect briefly on possible economies and suggested means of implementation. One way, it is hoped, of winning the battle and getting everybody involved.

"Not to draw up the 12th financing plan for social security": That is what Philippe Seguin, minister of social affairs, had pledged from the beginning. Even though, definitely, that is what we risk running into a few months from



now, the program presented by Mr Seguin on 1 July is both more and less than a "plan for recovery," according to the terminology most frequently used by his predecessors.

It includes one most important element from the finance plan: the collection of new resources. The government is announcing a deficit of 20 to 22 billion francs for the general social security system in 1986 (17 to 18 billion francs for old age insurance, 5 to 6 billion for health insurance) and from 38 to 40 billion in 1987 (28 billion francs for old age, 15 to 17 billion for health). (Footnote 1) (The National Fund for Family Allocations, in turn, would have a surplus of 2 to 4 billion francs.) Taking into account current reserves, the "amount needed for financing" is more than 30 billion for the 2 years. These figures can be disputed: Some say rather that the deficit for 1986 will be 15 to 18 billion francs. But it cannot be denied that, by the end of 1987, the accumulated deficit will be substantial, particularly in the old age branch.

Mr. Seguin announced on Tuesday two combined measures for financing. First, an increase of 0.7 percent in the old age contribution beginning 1 August, on virtually all salaried workers (those of the private sector affiliated with the general system, but also civil servants and the military), as well as craftsmen and business people whose retirement systems are "aligned" with those of salaried workers. This measure should bring in 10.4 billion francs between now and the end of 1987.

At the same time, it has been decided to reestablish a "social contribution" (Footnote 2) (The social contribution of 1 percent on salaries, done away with on 1 January 1985, had been retained on income from stocks and bonds.) of 0.4 percent on all 1986 and 1987 incomes, which should bring in 9.7 billion francs. The manner in which this is to be done has not yet been decided, and it is possible that it may not be in operation before 1987, the fiscal administration fearing that it will be unable to manage through next autumn, as far as 1986 is concerned.

However, according to the social affairs minister, it is only a question of taking some time to prepare a correction of the "drift" of social security expenditures in two areas, health insurance and old age insurance, with the aid of the social partners of the system's administrators. The usual "economies" indicator is missing, although the figures show the need for them if it is desired, as the government states, to make a supplementary effort for families.

#### Correcting the "Drift"

The pivot of the reform must be "a revitalized social security accounting commission," with a secretary general (Michel Lagrave, general counsel for the Court of Accounts), assisted by two permanent reporters from the office of the inspector general of social affairs. These people would work with the national funds, the administrations and other experts to offer (doubtless quarterly) an overview of the development of the systems and of the financial "balance" between them.

The commission should (as has the High Council on Population and the Family) form work groups to present proposals on specific problems. Mr Seguin expects to request immediately a report from the commission on the development of health expenditures--parallel to the discussions which are expected to take place between the health insurance funds and the physicians. Expenditures for ambulatory medical care are currently being made at the rate of 6 percent by volume, compared with 3 percent for the last few years. This represents 3 billion francs in supplemental expenditures. The accounting commission would also examine the "nation's social budget" prepared as an adjunct to the finance law.

However, Mr Seguin expects to create a special commission to study the problems of the aged. This commission would include all the social partners and representatives of retirement systems (including complementary systems) and associations of retired persons and those contemplating retirement. It should, before the end of the year, present proposals for the development of the retirement system, particularly in two areas: methods for establishing a "retirement a la carte" and methods for revaluing pensions--Mr Seguin favoring a calculation based on the rise in consumer prices.

[Box, p 31]

#### A Clever Formula

Mr Seguin has, unarguably, achieved success in obtaining, as of now, more than 20 billion francs in new revenues over a 2-year period for the general social security system, a measure whose need was not imposed on the government from the outset. The minister of social affairs has been especially successful in levying a contribution on all incomes, which the economy minister opposed consistently in order to achieve a greater reduction in obligatory deductions in 1987. This victory was hard won: In the course of several interministerial meetings, Mr Seguin had succeeded only in postponing the final decision. Having finally won his case, he still had to turn back, again on Monday, a final offensive by Mr Balladur.

The formula retained, mixing contributions and deductions, appears to be a clever one: Recourse to deductions, which is more equitable, satisfies the FO, the CFDT and the CFTC, who did not want salaried workers--and particularly the most modestly paid--to be the only ones to bear the expenses of reestablishing the funds, but the limited rate of this deduction spares, relatively, the workers and particularly the liberal professions and farmers who are the voting clientele of the new majority. Finally, the anticipated increase of 0.5 percent of the pensions to 1 October may help to pass the whole thing, even if it seems like an act of repentance.

Mr Seguin has won the field: first with these new revenues which will allow him to get through most of 1987 without having to practice too stringent economies, and then by placing the choice of subsequent measures on the social partners and the national social security funds, health insurances among others.

The minister of social affairs took the heads of the funds at their word, particularly Maurice Derlin, president (Workers Force) of the National Fund for Health Insurance for Salaried Workers (CNAMTS), who has so insistently demanded a lessening of the state's role. To the social partners, notably the unions, he announced the agreement for which they have been clamoring.

In leading them to make the choices, Mr Seguin appears to remain on a liberal course, giving preference to the "contractual" over the intervention of public power. But it is a well-tempered liberalism. One no longer finds in Mr Seguin's program development plans for the retired based on capitalization, the placement of social security funds in competition with private insurers or reduction of the obligatory coverage, which are still present, although blurred, in the RPR-UDF [Rally for the Republic - French Democratic Union] joint platform. Although all these projects have not, perhaps, truly disappeared: Within the administration they are continuing to work on some of these hypotheses.

#### Retirement "a la Carte"

Above all, the road open to social security funds and to social partners is already clearly marked. To slow down the increase in expenditures for urban medical care they are counting not only on discussions between the health insurance funds and the physicians, but also on the restriction--indeed the suppression--of the 100 percent reimbursement of the "26th" long and costly illness, which could doubtless mean a saving to the general system of 800 million francs per year. For retirement, it is a question of bringing the revaluations into line with the increase in prices and of implementing a formula for "retirement a la carte."

Mr Seguin's method is not entirely new. Mr Beregovoy had begun a comparable operation after the recovery plan of autumn 1982, announcing a "Social Protection Blanket," and publishing in June 1983 a white paper whose reflections are still valid. The plan's study of retirement plans ordered by Laurent Fabius also serves for a point of reference and contributes to the teachings which Mr Seguin wishes to put into practice.

Mr Beregovoy's "blanket" bogged down. What will become of Mr Seguin's proposal? He has perhaps given himself a better chance by imposing delays on the commissions. One cannot help, however, having a certain skepticism. For several reasons. First, the minister's project, in order to succeed, requires a climate of trust with the unions: "One cannot effect the economic recovery against the salaried workers, nor without them," Mr Seguin declared Sunday at Dax, before rightist elected officials. One could say the same for social security. However, trust, in this area, depends largely on discussions carried on in other areas, among other things on the administrative authority to dismiss employees. Especially since the socialists had also promised to decrease the state's role, before contenting themselves with "tightening the screws." As for the social security funds predictions, they had appeared rather pessimistic in 1983 and 1984, among other years, before blossoming out into an excessive optimism in 1985. Will the independence of the accounting commission resist the next election?

## SCHLUTER: LEFTIST PROPOSAL COULD DESTROY REINFORCEMENT PACT

Copenhagen INFORMATION in Danish 7 Jul 86 p 3

[Article by stal]

[Text] The Left Socialists will seek a clarification of the procedure for Danish acceptance of nuclear reinforcements.

An advance, isolated Danish refusal to accept nuclear arms in any situation, i.e. in times of peace, crisis and war, may create insurmountable difficulties in the Allied reinforcement planning. Such a step may have the effect that countries which may be providing reinforcements, might decline to commit themselves in advance to make forces available for the defense of Denmark, Prime Minister Poul Schluter (Conservative Party) writes in an answer to Kjeld Albrechtsen, M.P. (Left Socialist Party).

The Prime Minister, however, also points out that it is not the understanding of the government that the supply of reinforcements to Denmark will depend upon a Danish acceptance to receive nuclear weapons at the same time.

He stresses that it has been expressly stated from the Danish side that the supply of nuclear arms to Denmark at any time will depend upon prior Danish acceptance.

#### Wants Procedure Clarified

Kjeld Albrechtsen states that he is at least satisfied that in his reply the Prime Minister now establishes that the supply of nuclear arms to Denmark will depend upon a concrete Danish decision, and that nuclear reinforcements are not a matter of course in advance, as statements by certain ministers might seem to indicate.

Albrechtsen says that the Left Socialists will continue to work toward the declaration of Denmark, via a decision by the Folketing, as a nuclear-free country at any time--also in times of war, but the Left Socialists do not want to cause an interpellation debate on the subject if the indications are in advance that a proposal to declare the country free of nuclear weapons in any situation will be defeated.

He refers to the statement by the Social Democratic political spokesman, Svend Auken, that the Social Democratic Party will not participate in the game of proposals in the fall on freedom from nuclear weapons.

"However, there will probably be grounds for examining which procedure should be used in a situation where the decision will have to be made whether we shall accept nuclear weapons in Denmark. We have a resolution from the spring which says that the supply of nuclear arms to Denmark will be conditional upon the agreement of the Folketing. But there are various interpretations of what that means. Is it the foreign policy committee? Is it only the government and the group chairmen? It should be examined whether it will be possible to work out a safe procedure in order to avoid hasty decisions. The procedure will have to take into consideration that a decision, if any, whether or not to accept nuclear weapons will be made in a situation of whipped up excitement where the NATO authorities carry on a violent war agitation. That is why the procedure will have to be strong," says Kjeld Albrechtsen.

7262

CSO: 3613/171



## DEFENSE MINISTER ENGELL DEFENDS NATO NUCLEAR STRATEGY

Copenhagen AKTUELT in Danish 3 Jul 86 pp 10,11

[Op Ed Article by Defense Minister Hans Engell]

[Text] It attracted a good deal of attention when a couple of weeks ago the chairman of the Social Democratic Party, former Prime Minister Anker Jørgensen made statements which might be interpreted as indicating that the Social Democratic Party was on its way toward a definitive decision to reject nuclear weapons in Danish territory under any circumstances--and thus a clear break with the present NATO strategy and the hitherto Danish policy. The debate became vehement--but also brief--after Anker Jørgensen as well as Svend Auken had pointed out that it was not a question of any new position but merely a confirmation of the hitherto Social Democratic policy, viz. to work toward keeping Danish territory free of nuclear weapons.

Even if the debate has quieted down for the time being, there is no doubt that the nuclear arms question will remain an extremely hot issue in the security policy debate and will probably mark a number of the discussions during the fall within the Folketing--if for no other reason, then because the Socialist People's Party and the Left Socialist Party have made it their favorite maneuver to involve the Social Democratic Party and the government in as many interpellation debates in the Folketing as permitted under the order of business of the Folketing. But for this very reason, it is important for everybody to realize that the nuclear arms issue is not merely an issue of secondary importance which may be viewed and discussed entirely without effects on a number of other foreign policy and security policy matters--including, in the final analysis, the very content of the Danish NATO membership. I should like to give more detailed reasons for this in the following.

Denmark's nuclear arms policy has for many years been based on a special reservation which, like the Norwegian, establishes that we do not want nuclear arms on Danish territory in times of peace. This policy has always met with understanding on the part of our Allies. But, as was also pointed out in the Dyvig report on the Danish security policy, this is, undoubtedly, due to the fact that the Danish policy has been formulated with a view to the peacetime situation and, therefore, does not deprive the Alliance of the flexibility which is a prerequisite for the deterrent effect of the flexible defense strategy. If, on the other hand, Denmark definitively and unilaterally declared itself free of nuclear arms in times of crises and war as well, the situation would be entirely



different. If so, it would be in direct conflict with the jointly adopted NATO strategy, according to which it is a central element of the deterrent effect that the use of nuclear arms for purposes of defense cannot be left out of consideration. The consequences in relation to the Danish NATO membership would become most serious, and there is no doubt that for Denmark it would, moreover, have an important effect in connection with the calling in of reinforcements, which are an important element in the Danish defense policy. Furthermore, a unilateral rejection of nuclear arms would not provide us with any guarantee against the use of nuclear arms in times of war against Danish territory. Nor would it be realistic to expect a unilateral Danish rejection of nuclear arms to have an actual influence on the powers possessing nuclear arms and thus make Denmark a safer place in a situation of war.

In a situation of crisis or war, the cooperation with Allied reinforcements coming to our rescue will be entirely decisive for the Danish defense effort. There is therefore no doubt whatsoever that a Danish decision made in advance not to accept any nuclear weapons under any circumstances--in times of peace, crisis or war--would create insurmountable difficulties to the Allied reinforcement plans. The clear emphasis on the part of the experts behind the Dyvig report that such a step might cause countries which might be providing reinforcements to decide in advance not to commit themselves to making forces available for the defense of Denmark is entirely realistic. In actual fact, such a reservation would have the effect that Denmark would be cut off from the general strategy of the Alliance, and the consequences of this will conceivably be that Denmark would not, with the same right, be able to expect the collective security guarantee of NATO. There would have to be an adjustment with regard to the defense of South Norway, the northern part of Germany (and thus also of the Netherlands) and the control of the Danish straits. A Danish participation in the central defense organs of NATO as well as in the NATO commands would become extremely problematic.

The very important observation made in the Dyvig report that Denmark's strategic importance--regardless of our nuclear arms policy--would not change, should certainly not be overlooked either. "The Danish territory would continue to be included in the plans of the East as well as the West. A plan on the part of the West aiming at denying the attacker access to Danish territory would thus presumably be made without Danish cooperation and without the regard which participants in an equal cooperation may expect and demand and which we undoubtedly had in mind in joining NATO."

Nuclear arms have an inconceivably destructive force, and it is therefore not without reason that their existence--and continued development in the East as well as in the West--may result in emotional outbursts, demonstrations and discussions. We have got to realize, however, that nuclear arms have been developed and cannot be ruled out. In other words, we have got to learn to live with them--even if the armament level may hopefully be reduced from the one we know today. We, moreover, have to keep in mind that it is primarily a question of political weapons--nobody can believe that a nuclear war will leave any victor alive. Conversely, in order for the military strategy of the NATO alliance to have any credibility, these weapons will have to form part of the deterrent strategy. NATO is a defensive alliance--no NATO country will take up arms unless it has itself been attacked first. However, if attacked first,

the Alliance will have to be capable of countering an attack at the level at which it was launched. Otherwise, the Alliance would be without credibility militarily.

That does not mean that we shall not be able to make ourselves more independent of these weapons--that we shall not be able to create security at a lower armaments level. That was the background when, in October of 1983, with the active contribution of Denmark, the NATO countries decided to reduce the number of nuclear weapons in Europe by 1,400 warheads--in extension of the 1,000 which had already been withdrawn following the dual decision in 1979. When these reductions have been finally carried through in 1988, we shall have the lowest number of nuclear weapons in Western Europe in the last 20 years.

Both following the Western reductions in connection with the NATO dual decision in 1979 and with the so-called Montebello decision in 1983, it was the hope of the Western countries that the Soviet Union would follow suit. It was a question of unilateral steps on the part of the West which were not determined by Soviet initiatives-- but we hoped that the willingness to undertake an arms reduction, so often stated in the media of the West by the Russians would also stand the test of practical application. In both cases, our hopes were disappointed. This may illustrate how difficult it is to achieve mutual results in the security policy area. It is not enough to state--as Anker Jørgensen did in the past: "We want to have peace, for God's sake." That will not make the outside world click its heels nervously and say: Of course.

It will also be honest to state that the reason why nuclear weapons have come to play a bigger role in the debate is not least the lack of willingness--also in Denmark--to spend sufficient funds on the conventional defense. The weaker the conventional forces, the greater the dependence on nuclear weapons. But when the rest of us have stressed this correlation, the Social Democrats have usually backed out. They want neither one thing nor the other--they do not want to pay more toward the conventional defense--and, as a consequence, the dependence upon nuclear weapons will naturally at least remain constant. I have attached importance to the fact that in the debate of the last few weeks in the media on the Social Democratic introductory statement in connection with the debate on the future defense agreement, it has been stated that there may be increases in the defense budget. I shall naturally be the first to welcome this-- at the same time as it will be a reflection of a more coherent policy than the one hitherto pursued if this did, indeed, take place.

Allow me to point out as stated by President Kennedy in July of 1961 when the Soviet Union had brought about the second Berlin crisis--the crisis which was started with the construction of the Berlin Wall and the attempt to stifle the free West Berlin. In a speech, Kennedy said, among other things: "We must be in a position to deploy a force which, together with the force of our Allies will be large enough to stress our firm decision and our ability to defend our rights at any cost in any threatened area at any point of time, and which will enable us to resist pressure from an attacker of any magnitude with the needed strength. We intend to be able to choose among other things than mere humiliation or an unlimited nuclear war."

That was in 1961. But the problem still exists today. Being able to choose among other and more things than humiliation or an unlimited nuclear war.

## JØRGENSEN SIGNALS SDP WILLINGNESS TO REACH DEFENSE AGREEMENT

Copenhagen BERLINGSKE TIDENDE in Danish 11 Jul 86 p 2

[Article by Thorkild Dahl]

[Text] Defense Minister Hans Engell (Conservative Party) is satisfied with the Social Democratic statement that a new defense agreement will have to be broad and be agreed upon together with the government parties. Anker Jørgensen says that the defense will largely have to be of the same magnitude also in the future.

Broad political support behind our defense agreements is important, says Social Democratic chairman Anker Jørgensen, adding that the party is now aiming at a compromise with the government parties on the defense agreements after 1987.

Defense Minister Hans Engell (Conservative Party) tells BERLINGSKE TIDENDE that the government will also be willing to enter into a broad agreement, but it cannot take place at any cost.

"The decisive thing is the content of a defense agreement, but in order to ensure a firm framework for the defense agreement, it can only take place in such a cooperation, but an agreement will mean that all vague statements on the part of Social Democrats on a defensive defense and a cooperation with the Socialist People's Party will have to be abandoned," says Defense Minister Hans Engell.

"The defense that Denmark has today is defensive because it only takes effect when the country is attacked. I hope that we shall be able to arrange a new defense agreement in time before the expiration of the present agreement by the end of 1987," says Hans Engell, adding that he has "at no point believed that the Social Democratic Party would be able to maintain a defense cooperation with the Socialist People's Party, for Social Democratic voters will not accept that."

"One cannot give a party such as the Socialist People's Party the responsibility for Denmark's defense. Only 7 months ago, the Socialist People's Party presented a proposal to eliminate Danish defense entirely," says Defense Minister Hans Engell.

Anker Jørgensen says that he "does not believe that it will be possible to arrange a defense agreement with the Socialist People's Party."

"If we really tried to make a defense agreement with the Socialist People's Party involving a defense of approximately the same magnitude as the present one, the Socialist People's Party would not be interested. The Socialist People's Party will not be able to maintain it. I believe that it is a fact that we shall not be able to agree on it," says Anker Jørgensen.

"It is important that we have broad support for the defense agreement that we have, and I therefore believe that we shall have to make every effort to arrange an agreement with the parties which supported the present defense agreement," says the chairman of the Social Democratic Party.

"We agree with the government parties that Denmark must have a defense, and we agree with them that it will have to be of approximately the same magnitude as the present one. I believe that we also agree on that in the future," says Anker Jørgensen, but he points out that there may be disagreement with the government parties "whether to build up the military system so that it will, to a greater extent, become a definite defensive defense system."

"That is a matter which we shall hopefully be able to agree on through negotiations," Anker Jørgensen adds.

The defense policy spokesman of the Socialist People's Party, Jens Thoft, agrees with the chairman of the Social Democratic Party that there is great disagreement between the two parties on the defense expenditures, the reinforcement agreements and a Denmark entirely without nuclear weapons in times of peace as well as in times of crisis and war.

"The defense policy viewpoints of the Socialist People's Party and the Social Democratic Party are too far apart to maintain the relations," says Jens Thoft, adding, however, that if the Social Democratic Party commits itself to a defense agreement that will remain in force for several years, this will contribute to rendering a government coalition between the Social Democratic Party and the Socialist People's Party difficult.

"We may, of course, have a formal cooperation, but the Socialist People's Party does not want to contribute to collecting funds for defense expenditures which we cannot vouch for," says Jens Thoft.

7262

CSO: 3613/171

## SDP DEFENSE SPOKESMAN CRITICIZES MINISTER ON NAVY FUNDS

Copenhagen INFORMATION in Danish 27 Jun 86 p 6

[Text] Defense Minister Hans Engell (Conservative Party) makes misleading statements on the peace preparedness and general use of funds on the part of the Navy, says Social Democratic defense policy spokesman Knud Damgaard.

Last week, Knud Damgaard criticized the Navy for having developed an overtime bulge of 48,000 off-duty days and for incurring, at the same time, a larger increase in its use of funds for salaries and wages and fuel than the Army.

Hans Engell has now rejected Knud Damgaard's criticism, stating that one third of the activities of the Navy consist in fishery inspections which the State has directed the Navy to undertake.

"Hans Engell forgets to say that the Navy has all expenses for fishery inspections refunded via the civilian budget. That is why one cannot brush aside a discussion of the use of funds on the part of the Navy in that way," says Knud Damgaard.

## Frigates Save Tanks

Knud Damgaard also criticizes the fact that there are no sufficient funds for the Army to appoint enlisted privates on 3-year contracts for the tanks of the Army. The Army finds that 3-year contracts are a prerequisite for the proper functioning of its tanks.

"There is a budgetary shortage of 74 million kroner. It would be appropriate to transfer these funds from the Navy when the two frigates Peder Skram and Herluf Trolle are laid up on 1 July 1987. That will result in annual savings of 100 million kroner in the operational costs of the Navy. It will be unreasonable if these funds are instead used to reduce the overtime bulge of the Navy," says Knud Damgaard.

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CSO: 3613/171



## BRIEFS

SCHLUTER DEFENDS NUCLEAR POLICY--The possibility of bringing NATO reinforcements to Denmark could be jeopardized if Denmark rejects in advance the idea of accepting nuclear weapons under any conceivable situation, in other words in peacetime, wartime and times of crisis. So said Prime Minister Poul Schluter (Conservative) in a reply to Folketing member Keld Albrechtsen (Left-Socialist). "Advance refusal will create incredible problems in planning allied reinforcement and could result in countries that might send reinforcements being unwilling to commit themselves in advance to making forces available for Denmark," Schluter said. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 7 Jul 86 p 5] 6578

CSO: 3613/168



## MILITARY PROMOTIONS, APPOINTMENTS ANNOUNCED

Lisbon O DIABO in Portuguese 15 Jul 86 p 7

[Text] Gen Carlos Azeredo is the new commander of the Northern Military Region [RMN], having been appointed by the Superior National Defense Council. This is news that we report with particular gratification for reasons which, understandably, are not merely of a military, but also of a moral nature: It may be recalled that Gen Carlos Azeredo was relieved of the position of RMN second commander in 1982, following a personal letter to the then Army chief of staff [CEME], Garcia dos Santos, "advising" him to resign "in order to preserve the image of the Army, already blurred by irregularities which the CEME himself committed."

At the time (the letter was sent on 28 April), Carlos Azeredo cited, among other factors, the debt of General Garcia dos Santos (not only as a co-signer, but also as a drawer) to the BNU; in a case which was revealed and reported in detail in the pages of this newspaper.

Garcia dos Santos (who did not reply to the letter until May of that year) considered the letter from the then Brigadier General Azeredo to be "insulting," and sentenced him to 10 days in jail, which were to be served at the end of August 1982.

Hence, General Azeredo's return to the Northern Military Region is, in addition to the Armed Forces' recognition of the prestige of a military man who has always honored them, redress for a serious injustice caused in 1982 by Garcia dos Santos' political persecution.

The Superior National Defense Council also named Gen Fernando Morgado commander of the Central Military Region; promoted Brigadier Lino Miguel, currently minister of the republic for the autonomous region of Madeira, to general; and appointed General Goncalves Passos to the directorship of the National Defense Institute.

2909

CSO: 3542/131

## PARLIAMENTARY DEFENSE COMMITTEE AMBIVALENT ON EQUIPMENT PURCHASES

Lisbon O JORNAL in Portuguese 18 Jul 86 pp 7-8

[Text] The purchase of the frigates, of more aircraft, and of the antiaircraft defense system has taken all the available money for the purchase of military materiel, and has left the major problem of military equipment yet to be solved. This, in brief, is the conclusion reached by the parliamentary defense commission which prepared a report regarding which it only remains to be said that the proposals submitted are, simultaneously, a fait accompli and a predicament from which no one may manage to extricate us in the coming years.

With Parliament analyzing the plans for the purchase of military equipment, the stringency regarding what is done and not done seems finally to be arriving.

The commission has proposed the postponement of the parliamentary debate, owing to the lack of information and the need to hear the Superior Defense Council; but the Assembly may have no recourse other than to approve the purchase of the proposed materiel. In the case of the Meko frigates which, after all, are overly modern, because the models to be constructed have not been tested by any other country, the signing of the contract has been set for next Thursday, 24 July. In the case of the Orion aircraft, five of the six units to be purchased are already in Portugal. It will be difficult to refuse better equipment for the A-7 planes, because it is not a matter of purchasing more aircraft, but rather of making the existing ones more operational. Only in the case of the antiaircraft defense system for the Army would it be possible to make a delay, because this is a system that is already being replaced in the United States and the Federal Republic of Germany; however, this position may have only a symbolic value. The antiaircraft missile system represents the smallest outlay in the budget submitted, which amounts to a total of nearly 170 million contos, with a minimal financing of 40 million until 1991.

Government: Indifferent As To Where To Begin

The commission admitted that the option for the proposed programs was due to financial limitations in a situation "wherein the government, through the honorable minister, thinks that the needs are so great that it is indifferent as to where to begin." It is concerned about monitoring the problems raised

by the commission regarding each type of equipment proposed: Vulcan/Chaparral (antiaircraft defense system): "It was asserted (the report states) that the system is a step toward the independent mixed brigade antiaircraft defense; but this defense is only effective when integrated into a medium and high altitude defense system. In the context of the brigade activity in Italy, that defense is ensured; in Portugal, it is non-existent. The system is being replaced in the first-line units of the U.S. and the FRG."

A-7P aircraft: "It has been reported that the A-7P are now all in Portugal; there will not be any new A-7P; and the anticipated lifespan is about 15 years." It subsequently states that "There is no interceptor squadron (the A-7P is an attack plane), because the United States has not financed its purchase, as had been desired by the Air Force in 1979."

Orion P-3 aircraft: a 1968 plane used until recently by Australia; a basic contract has already been signed for the supply of this apparatus. "In the debate that was held (the report states), there was evidence of indecision regarding the need, usefulness, and scope of the program. At present, there is no information on the operating costs of these aircraft, nor on the costs of adapting and implementing the necessary infrastructures." The report adds that the planes cannot engage in the "intensive patrolling" of the ZEE [Exclusive Economic Zone], which would be carried out at random as a supplementary task.

#### Meko Frigates: Not Everything Has Been Planned

The proposal sent to the Assembly does not include the revision of prices for the cost of the frigates, the helicopters, or the orders for the command, control, and communication system. All this should cost 28.5 million contos. The Meko version to be supplied to Portugal is a prototype not tested in any country, raising a problem here that is the opposite of that involving the aircraft, all of which were purchased second-hand: Might it not be these modern frigates that will create problems for us? Can a small country afford to purchase frigates that have not yet been tried out by others? "It is also important to stress (the report claims) that, in technical terms, the existence of three frigates, with the application of the suitable factor, implies only the existence of one operational one, which poses the knotty question as to whether this process will lead to future requirements (or to future commitments) that will absorb the essence (or part of the essence) of the financial capacities of the coming 5-year period (1991-1996)."

2909

CSO: 3542/131

## AIR FORCE HEAD DISCUSSES MANPOWER, MATERIEL PLANS

Bonn TECNOLOGIA MILITAR in Spanish May 86 pp 25-27

[Interview with Lt Gen Jose Santos Peralba Giraldez, chief of staff of the Spanish Air Force, by Javier de Mazarrasa; date and place not given]

[Text] With the approval of the Joint Strategic Plan (PEC) and the official delivery of the first EF-18 aircraft in 1985, plus other developments and events which will continue to unfold during 1986 and the following years, the Spanish Air Force is acquiring new significance and potential in the air defense of Spain, thus continuing its ongoing process of modernization and bringing itself up to date. Like any other armed force, the Air Force, concerning which we present a detailed discussion in this issue, is a living organism. As such it has numerous plans and projects of various kinds under consideration, fully integrated into contemporary Spanish life and also affected by problems of an economic type.

In order to become directly acquainted with an authentic picture of this reality, there is no better way than to refer to Lt Gen Jose Santos Peralba its most senior commander and representative, whom TECNOLOGIA MILITAR recently interviewed. Lt Gen Peralba Giraldez gave the following answers to questions regarding the Air Force:

[Question] General, in 1985 the Joint Strategic Plan was finally approved. What responsibilities are placed on the the Air Force under this plan?

[Answer] We need to formulate appropriate force proposals, within the economic ceiling previously approved, which will make possible the effective air defense of the country. We also need to be able to carry out, if necessary, offensive air operations within enemy territory, achieve air superiority, and meet the air support requirements of the land and naval forces.

[Question] Regarding the well-known defensive axis from the Balearic Islands to the Straits of Gibraltar to the Canary Islands, what is the point or area of greatest importance and responsibility from the point of view of the Air Force?

[Answer] This well-known defensive axis in fact is based on a purely naval view of things. The Air Force considers that the concept of this area of strategic interest should not be limited to a projection along a given line or

[Answer] The doors of the shelters are an additional defense but will make their construction considerably more expensive.

Initially, we undertook the construction of the shelters without definitively discarding the possibility of installing doors in the future, in accordance with our budgetary possibilities.

Therefore, it is obvious that cost/effectiveness considerations regarding both kinds of construction programs highly favor shelters without doors, within the general context of having a few aircraft with a high security coefficient or a large number of aircraft protected with a lesser security coefficient.

[Question] What does the Spanish Air Force think the EFA [European Fighter Aircraft] will be or should be?

[Answer] We share the view of the air forces of the respective European countries which are interested in the project. The EFA seeks to meet operational needs, with emphasis on its capacity as a vector of air superiority.

The requirements that have been established should make possible a high index of operational availability, simplified and modular maintenance, a high degree of equipment reliability, and a desirably low cost of production.

[Question] In case that aircraft becomes a reality and since the EF-18's are going to replace the F-4C's, would the EFA replace the Mirage III's and the Mirage F-1's?

[Answer] You might reasonably consider the possibility that the aircraft coming out of the EFA project would replace the Mirage F-1's at the end of the 1990's.

Regarding the Mirage III's, the acquisition of the F-18A's will make it impossible to maintain both weapons systems, given the limits of human, financial, and other resources available to the Air Force to operate the two aircraft simultaneously. As a result, possibly at the beginning of 1987, the Mirage III's will be withdrawn from service.

[Question] How and with what equipment are you going to modernize the air to air armament of the Mirage F-1's? Would it be possible for INTA [National Institute for Aerospace Research] to adapt SPARROW missiles to those aircraft?

[Answer] At present it is not necessary to carry out any modernization of the F-1's in their operational configuration for air to air combat, since they have the necessary modules in sufficient number for the anticipated operational needs of this weapons system.

[Question] Following up on the theme of modernization, what will be the next modernization program undertaken for the Major Hostilities maneuvers and when will the system be totally automatic?

[Answer] The Major Hostilities III Program will be undertaken slowly due to the present shortage of funds for it under the overall budget.



axis but rather should focus on scenarios in the Western Mediterranean and the Atlantic Ocean which include the various island areas.

Nevertheless, the area where, on a priority basis, control of the air and consequently control of the sea are of the greatest importance is clearly the approaches to the Straits of Gibraltar.

[Question] Although the aircraft is still in the United States, the Spanish Air Force has taken delivery on the first EF-18. This begins the final phase of the Future Combat and Attack Aircraft Program (FACA). In a certain sense, this closes a stage in the procurement of aircraft. In this context, where are you going to direct your efforts and resources now?

[Answer] Specifically, I consider the following programs are very important: the future European Combat Aircraft; the future Spanish ground support aircraft, the AX; and, naturally, everything related to electronic warfare and the air defense of the air bases.

[Question] Now that we are speaking of the F-18, are you going to standardize Spanish air and surface armament in this aircraft?

[Answer] Yes, we will standardize it. In fact, we are standardizing different types of Spanish air and surface armament for the F-18A, in accordance with the concept of the FACA program, which was based on the policy of purchasing abroad only what cannot be produced by our domestic industry.

[Question] The McDonnell Douglas Company continued to hold open until the end of April 1986 the same conditions for the purchase of 12 additional EF-18's, although it appears that the Ministry of Defense has already given up that option. What is the present Spanish position? What budget possibilities are there for acquiring more aircraft to cover losses by attrition, bearing in mind in particular the reduction in the price of these aircraft?

[Answer] It is not up to the Spanish Air Force to define this position. It is for us to identify and set forth the needs of the Air Force as a function of specific, strategic objectives. It is up to the political level of our government to meet these needs, in accordance with the economic capacities of the nation.

[Question] Can you confirm the deployment of the EF-18 aircraft on the basis of two squadrons each at the air bases at Torrejon and Zaragoza?

[Answer] This is being considered, although the Air Force is also considering the partial redeployment of all units of the Air Force to other, secondary air bases, in accordance with operational needs, which the strategic or tactical situation of the moment would make it advisable to adopt.

[Question] There are also plans to build aircraft shelters at those two bases, like those at Albacete. How and when are you going to resolve the problem of the doors of these shelters?



The modernization program for the Major Hostilities IV maneuver in the Canary Islands has already been begun, under the ALERCAN project.

Regarding the automated characteristics of the SADA project, I should clarify one point. It is not planned that the system will be automatic, nor will there be any operational limit. The concept of a semi-automatic system, and perhaps the term is not the most appropriate to use, expresses the characteristics of the system, under which its operation involves the use of control personnel under certain circumstances.

[Question] My prior question was related to the following. A country like Spain cannot depend solely on a fixed system of alert and control. A system like AWACS is needed. What financial resources do you have to obtain such a system and what kinds of aircraft are under consideration as future vehicles for an AWACS system? What are the possibilities for a Spanish aircraft for this system?

[Answer] At present there are no budgetary funds available for this program. We are studying various alternatives to select the best platform for a future Spanish Air Force AWACS system which will meet our air defense needs and, as a secondary mission, the detection of maritime traffic in areas of national interest.

[Question] I have a similar question regarding maritime air patrols. Are you thinking of undertaking this kind of activity? Is it likely that budgetary funds earmarked for it will be transferred to the AWACS program? What about the CN-235 aircraft in an anti-submarine warfare version?

[Answer] We are developing a program for the modernization of our present maritime patrol aircraft, which will be provided with sensors and modern systems to augment the operational capacities of our anti-submarine unit. In the future we will study the possibilities of the CN-235 as an anti-submarine warfare aircraft.

[Question] I would like to refer to future aircraft. What is the status of the AX program? Will it be available in 5/6 years to replace the F-5's?

[Answer] The AX program is still in its initial concept phase, during which we will seek to define its technical specifications, using as a basis the most desirable concepts of operation and maintenance relating to the theoretical, future situation under which its entry into service may be anticipated.

It is believed that the AX project will be a reality when there is a need to phase out the F-5 weapons system.

[Question] What is the future of the Jet School at Talavera la Real when the F-5B reaches the end of its useful life? Meanwhile, won't there be a large technological leap between this aircraft and the FACA?

[Answer] I have a well-founded hope that a two-place version of the Spanish AX aircraft will satisfactorily resolve the need to replace the F-5's in the future.

The technological leap involved in procuring a new aircraft is always an important challenge to overcome, but it has never been an insoluble problem for the Air Force.

[Question] Another question in the field of training. Will the PILLAN/TAMIZ aircraft, in addition to the T-34's from the General Air Academy (AGA), replace the BUCKER's in Wing 78?

[Answer] In effect, the future TAMIZ aircraft will be a selective, light aircraft for basic flight training and will replace the present T-34's. The BUCKER's have now been withdrawn from service.

[Question] Another Air Force program is the Future Medium Air Transport Aircraft (FATAM). Could you tell us the status of this program, in terms of replacing the CARIBOU aircraft?

[Answer] This is a necessary program for the Air Force. However, at present there is no budget allocation for it. The Future Medium Air Transport Aircraft will replace the CARIBOU, filling the existing gap between the HERCULES and the AVIOCAR. It is possible that the ultimate choice will be the CN-235.

[Question] In the program for the purchase of the two Boeing 707-T tankers, has consideration been given to providing them with different engines?

[Answer] There are no plans for this. Replacing the engines of these aircraft would cost a great deal, without sufficient operational justification.

[Question] What projects are under way regarding Air Force personnel and organization? Is its present structure considered fully valid and adequate?

[Answer] At present the Air Force is waiting for the publication of a Royal Decree on Personnel Distribution, which was contemplated in the Law on Military Establishments. The decree will affect the distribution of personnel by service arm and unit and by position.

This personnel level, which has been reduced by 8 percent, overall, will require restructuring the Air Force by grouping functions in order to reduce the number of positions. On the one hand, this restructuring will absorb the reduction in personnel. On the other hand, it will make it possible to handle the establishment of new units which we need, due to the various Air Force modernization programs.

Our present organizational structure dates from 1978 and, because of its relatively recent adoption and its structural criteria, it is completely valid and adequate. Its functional and dynamic character provides it with the necessary flexibility to adjust the Air Force to the changes which continuing technological advances make necessary.

[Question] Is it feasible that in the more or less near future the Air Force will have its own anti-aircraft organization for the defense of its bases and installations, like those which exist in other air forces?

[Answer] The Air Force is responsible for the air defense of our country and of the areas of vital interest for our national defense, because this is contained in the mission which only the Air Force has been specifically assigned to carry out by law.

This mission is specific in character, and it is up to the Air Force to carry it out against any air threat, using appropriate means to deal with it. Among these means are anti-aircraft artillery (AAA) and Surface to Air Missiles (SAM).

The Air Force must carry out this mission with what it has been provided in the way of anti-aircraft weapons. While this is being done, the Air Force can agree to have weapons from other military services assigned to the Air Force to carry out its mission.

In this way Army anti-aircraft units of the Army could come operationally under MACOM and other Air Force commands, as if they were units of the Air Forces, organically included in the defensive air units or depending directly on them, according to the situation and the mission involved.

[Question] Some years ago there was an air acrobatics team in Spain. This kind of formation, in addition to presenting an "attractive and spectacular face" for the Air Force, is a sign of its state of training and an opportunity to promote the aircraft which it has. Have you thought of establishing a new air acrobatics team, using the C-101, to which the CASA Company could contribute financially, given the support which such a unit would provide for the aircraft it manufactures?

[Answer] In Spain air acrobatics teams are not set up specifically for this mission. However, pilots and aircraft of certain units have been assigned to this mission.

At present there is a unit of Mirage F-1's, but two other groups have been set up specifically because they use C-101, Spanish-made aircraft. They are located at Zaragoza and at the General Air Academy. They will even participate in international exhibitions, such as COSMO 86.

[Question] Finally, would you like to say something else about the Spanish Air Force?

[Answer] Yes, I would like to say that the Air Force is a fundamental part of our national defense. Its multiple capabilities as a major participant in our air defense, as an offensive, strategic vector of air power, and as an armed force operating in support of the other elements of the armed forces make it a fundamental bastion of national security, an element of deterrence, and a decisive factor in case of war. You can understand that, as in the case of the rest of our neighbors, Air Force budgetary allocations should be higher than--or at least equal to--those of the other elements of the armed forces of our nation. This is an aspiration which goes back for more than 30 years, during which the proportion of the budget earmarked for the Air Force, as a matter of military logic, has simply been ludicrous.

Since 1983 the correct philosophy of budgeting by program has been adopted, which has corrected past errors in large part, but we continue to fall short of achieving the essential proportion of the defense budget which, at least, should be equal to the other armed forces.

Proposed Personnel Ceilings in the Draft Law on Air Force Personnel Structure  
Approved by the Cabinet

Positions	Personnel As of 9/1/85	Draft Law	Reduction	Percentage
Lieutenant General	12	5	7	58.3
Major General	23	19	4	17.4
Brigadier General	39	37	2	5.1
Colonel	334	248	86	25.7
Lieutenant Colonel	468	451	17	3.6
Major	756	733	23	3.0
Captain	1,396	1,378	18	1.3
Lieutenant	1,630	1,459	171	10.5
Ensign	36	35	1	2.8
Brigade Warrant Officer	3,954	3,639	315	8.0
Sergeant First Class, Sergeant	4,517	4,107	410	9.1
TOTALS	13,165	12,111	1,054	8.0

5170

CSO: 3548/70

## PAPER: ARMED FORCES COMMANDER UNLIKELY TO GET DESIRED FUNDS

Stockholm DAGENS NYHETER in Swedish 27 Jun 86 p 2

[Editorial: "The OB's Impossible Percentage"]

[Text] In his program plan submitted to the government yesterday, the OB [supreme commander of the Armed Forces] is sticking to his demand for an annual 3-percent increase in the defense appropriation. The appropriation levels which the party representatives on the Defense Committee had asked the OB to use as his starting points in work on the program plan are dismissed without exception as being inadequate.

That is a very familiar tune, and it does not provide the defense politicians with much guidance. None of the political parties, not even the Conservatives, can be expected to support the OB's appropriation request. All of them are compelled to weigh the needs of the Armed Forces against those of other sectors of society--and, moreover, to come up with responsible financing for any possible increases in appropriations.

The OB must be aware that a great deal of fact-finding work has been done without any of the resulting proposals having any real chance of being implemented during the coming 5-year period. But presumably it was felt that leaving anything out would reduce the credibility of his earlier requests. Moreover, the spokesmen for the various branches of the Armed Forces probably found it difficult to agree on what could be spared from the OB's earlier proposals.

But the OB can scarcely be expecting to get the additional squadron of Viggen fighter planes, which can only be fitted into the highest appropriation level; nor can he really be thinking that it will be possible at the same time to procure more submarines, surface attack vessels, and coastal missiles in the early 1990's. Mechanization of the Army can be started with even lower appropriations than those requested by the OB, but the pace of modernization will necessarily be slower as a result.

It is difficult, however, to give up the suspicion that the Armed Forces could achieve more effect per krona invested. The OB himself gives examples of how effectiveness could be improved--one such example being a new training system

in the Navy with more basic training and fewer large-scale refresher courses. In the Army, higher requirements must be placed on both basic training and refresher training. It is therefore regrettable--if not surprising--that the OB is rejecting the possibility of eliminating peacetime units to free up funds for improving the wartime organization: the Army commander in chief's intense opposition to structural changes is well documented.

For Lennart Ljung, the program plan constitutes a finale to 8 years of service as OB. It is understandable that he has not been willing in this final stage to risk conflict with the heads of the armed services. But a greater will to set priorities and achieve modernization must be demanded of his successor as OB, Bengt Gustafsson.

11798

CSO: 3650/259



## COMMANDER OF COASTAL FLEET: 'ALMOST IMPOSSIBLE' TO CATCH SUB

Stockholm SVENSKA DAGBLADET in Swedish 19 Jun 86 p 7

[Article by Roger Magnergard]

[Text] Stockholm's Southern Archipelago--The intruding submarines do not feel threatened by the Swedish Navy's countermeasures, and the fact is that we would have to be almost incredibly lucky today to carry out a submarine chase successfully.

That statement probably brings tears to the eyes of those who have been expecting results from the Navy since the two new coastal corvettes went into service. But the man behind the statement, Rear Admiral Claes Tornberg, is commander of the Coastal Fleet, and he is summing up several years of fruitless antisubmarine operations.

Tornberg says: "Today we have no reasonable possibility of succeeding in a submarine chase. We are somewhat below the required level. But with a good deal of luck, we have a chance."

"Not yet a Threat"

The intruding power must always calculate the risks it must take by operating in our waters. And so far, those risks have not been considered too great.

"The intruder does not yet view us as a threat," says Tornberg. "That is why he can continue."

The Navy was hunting an intruder--probably a minisubmarine--in Stockholm's northern archipelago just under 2 weeks ago. Despite massive armed action involving at least 36 Elma mortars and 8 depth charges, the hunt was without result.

Tornberg resolutely refuses to comment on what happened there "pending the quarterly report by the OB [supreme commander of the Armed Forces], which will be out in a couple of weeks."

## Exercise

SVENSKA DAGBLADET has learned that the report will say that the intrusions "have probably continued." The basis for that statement is the hunt in the northern archipelago and two other incidents.

On Wednesday, the Navy conducted an antisubmarine exercise both inside and beyond the skerries in Stockholm's southern archipelago. Somewhere in the nearly 60-meter-deep Gasstens Bay west of Stabbo, the Swedish submarine "Sjoormen" lay pressed against the bottom.

After searching for about an hour, a helicopter made sonar contact with something that could have been a submarine. Mine clearance vessels were sent to the area over the spot, and using their bottom-searching sonars, they were able to determine that it was indeed a submarine.

## Sub "Hit"

A patrol boat headed toward the Swedish submarine and dropped a simulated charge.

One minute later, a large cloud of smoke was seen on the surface of the water.

"A hit," said one of the ship commanders. The submarine had been instructed to send up a smoke flare if the detonation was close enough.

The antisubmarine force is made up of a number of components. In order to determine with certainty that a suspicious echo from the bottom is coming from a submarine, the mine clearance vessels, for example, must be within 10 minutes' traveling time from the contact. Otherwise, there is a big possibility that the underwater vessel will disappear--without leaving a trace.

Beyond the skerries, the coastal corvettes dropped their towed sonars in the calm summer sea. For more than an hour, the water was thoroughly searched in the hunt for the "Sjoormen." The sonar operators on the "Stockholm" were not able to make contact with the Swedish submarine even though its course had been known in advance.

## Layers of Water

Tornberg says: "Summer is the worst season for antisubmarine operations. The water is separated into different temperature layers, and sound waves bounce off of them. A submarine can play hide-and-seek with the Navy in those layers."

In September of last year, the Hars Bay incident was repeated, the difference being that this time a Swedish submarine was playing the part of the intruder.

The Swedish boat managed to slip past Malsten unnoticed. But when it came up to periscope depth to enter Hars Bay, it was discovered.

A force of three patrol boats, two helicopters, and two minesweepers was sent out to search for the Swedish submarine, but was unable to pin it down.

When the exercise was suspended, the submarine surfaced and passed by the pier at the Berga Naval Training Center. The antisubmarine force was looking for it near Musk Island at the time.

During another exercise, the coastal corvettes were able to maintain contact with a Swedish submarine for 5 hours. That is the best result in modern times.

### "Two Half Forces"

Tornberg points out: "The intruder has been forced to change his tactics as we have become better. We have been forcing him to stay underwater for longer and longer periods."

The first complete antisubmarine force will be ready in 1990. But it is wrong to call it one antisubmarine force, according to Tornberg.

"We are getting two half forces," he says. "Half the personnel must be off duty, of course, while the other half is working. No one can work continually."

That is why Tornberg and his colleagues in the Navy are eagerly awaiting the 1987 defense decision. That is when the politicians will decide whether it is time to invest in another antisubmarine force.

"With two forces, we would have a reasonable chance of keeping things in order at least in one area," says Tornberg in conclusion.

11798

CSO: 3650/259

## CHERNOBYL ACCIDENT FORCING GOVERNMENT TO RESTUDY POWER PROGRAM

Helsinki UUSI SUOMI in Finnish 16 Jun 86 p 15

[Article by Riitta Hilden: "Coal and Peat Instead of Nuclear Power"]

[Text] We did, indeed, have an energy spring.

In April we were awaiting a policy decision on the future construction of nuclear power plants before the commencement of summer vacations. It was believed that Perusvoima's application for a license for a fifth nuclear power plant would receive the support of the majority in the government.

Now within a few weeks the government will receive an electric power management plan revised for the 1990s, in which there is no longer any talk about the urgent need for a nuclear power plant decision.

A large coal-fired condensing power plant is now being considered in place of a fifth nuclear power plant. But nuclear power has not been completely forgotten.

The basis of the electric power management plan and the growth predictions for the consumption of electricity have not in themselves actually changed during the spring. Even though the price of oil has continued to drop and the consumer prices of fuel oils have declined, there is no reason to make any major changes in the estimated demand for electricity.

Imatran Voima [Imatra Power], Neste, and the Ministry of Trade and Industry are unanimous in the thinking that oil heating will not immediately overrun the rapidly growing shares of electricity in spite of its present definite advantage.

The price of oil has fluctuated so radically in the last decade that there is no one who would be enthusiastic about jumping on the bandwagon at this time.

The consumption of electricity fell off by nearly 3 percent in Finland in the first quarter of this year in comparison with the same period last year. This does not confirm anything. Last winter was clearly more mild than the preceding winter. Industry's overwhelmingly largest consumer of electricity, the

forest industry has, for its part, accelerated its production again after some initial difficulties in the first few months of this year.

Thus the Ministry of Trade and Industry has, in fact, got off quite easy in the adjustment of its electric power management plan. The table below indicates that the greatest changes will be the construction of a 500-megawatt coal-fired power plant instead of a nuclear power plant, the doubling of peat condensing power, and an increase in heat-generated power.

#### Planning Permit for Coal-Fired Power Plant

A decision on a coal-fired power plant is expected at Imatran Voima sometime this year. A similar schedule has been outlined at the ministry.

A decision will make it possible to place a new large power plant into operation already at the beginning of the next decade. A coal-fired power plant can be constructed in nearly half the time that it takes to build a nuclear power plant.

Also one large coal-fired power plant will be accepted politically in the current nuclear power atmosphere, but there will be a debate on any more such large power plants.

Information Chief Jussi Yli-Lahti of the Center Party points out that the energy policy line of the Center Party emphasizes a dispersed production of electricity and energy conservation. In party circles the attitude toward all large power plants is rather unfavorable. The party officially tightened its nuclear power stand at a meeting over the weekend.

Trade and Industry Minister Seppo Lindblom (Social Democrat), for his part, points out that the construction of peat and thermal power and the production of electricity have their limits, "only coal can be extensively manipulated" if nuclear power is not permitted. However, no one really likes large coal-fired power plants either.

#### Thermal Power To Be Increased

The ministry will increase the output of electricity produced in thermal power plants, but the Center Party's upper limit for heat-generated power, 2,000 megawatts, is clearly considered to be overestimated.

Since the ministry's previous report, new thermal power plant decisions include the most recent decisions in Helsinki and the Seinäjoki power plant, among others. In the aftermath of the fire at the coal-fired power plant even Helsinki made a decision to build either three natural gas power plants with an output of approximately 45 megawatts each or a combination natural gas power plant with an output of 150--200 megawatts of electricity. By the end of this century Helsinki will build large heating plants which will have a total electric output of approximately 400--600 megawatts.

A 60--70-megawatt condensing unit will be added to the tail of Seinajoki's 120-megawatt heating plant, all to be fired with peat. This condensing tail will thus increase the production of electricity from what could be achieved in a combined electricity and thermal production facility. In it the production of electricity is limited according to the necessary heating load.

It has also been decided in the Ministry of Trade and Industry to assist the heating plant in Kajaani, which has a capacity of approximately 60 megawatts of electricity.

#### Pudasjarvi Will Obtain A Power Plant

Another change of significance in principle in the ministry's plans is the doubling of peat condensing power.

In practice it will mean a peat-fired condensing power plant for Pudasjarvi to be built by Pohjolan Voima [Pohjola Power] and a power plant for Haapavesi to be built by Imatran Voima.

Pudasjarvi's power plant will require -- and will obtain -- a revision to the legislation presently before parliament for the protection of rapids. Pohjolan Voima will build a peat-fired condensing power plant only if it can construct a man-made basin in Kollaja for the purpose of increasing the capacity of its power plants in lower reaches of the Ii River in the next decade. The portion of the Ii River connected to Kollaja is now on the list for the protection of rapids.

The Pudasjarvi/Kollaja project has been under the special patronage of the Center Party since according to estimates during the construction period it would provide approximately 600 temporary and 400 permanent jobs in the Pudasjarvi area, which is experiencing a serious unemployment problem.

#### Experiments First

Indeed, there is a total of four peat-fired condensing power plants on the Center Party's own energy list. Even before the Kollaja compromise, Pohjolan Voima was planning to switch the old power plant in Kristina over to peat.

Imatran Voima is also probably considering another location even though it is estimated in the company that a large peat-fired condensing power plant will require so much peat and water in the immediate vicinity that there are extremely few suitable locations.

Taisto Turunen, the energy director of the Ministry of Trade and Industry, will promote the goals of peat-fired condensing plants "until we have been able to obtain the results of the first experiments on large peat-fired condensing power plants".

#### Nuclear Power Will Remain on the List

In the ministry's previous electric power management report the large power plant on the list before the turn of the next century will continue to mean



nuclear or some other form by the heading in the report. Perusvoima's application for a license is still on file in the ministry. We are now awaiting reports on the causes of the accident at Chernobyl and on the incident itself.

And, even otherwise, there is no longer any hurry with a possible new nuclear power plant decision.

"Indeed, nuclear power will continue to be one essential energy production alternative under Finland's conditions," stated Managing Director Anders Palmgren of Perusvoima in carefully choosing his words.

"Energy policy is in any event a part of politics, and we do not act in this area nor do we even hold a party congress."

#### Who Is Most Radically Opposed

Minister Lindblom, for his part, does not see an energy policy debate:

"Indeed, one could assume such a debate from the politicians. This present exchange of words is a political race for determining who dares to take the most radical stand against nuclear power, and not an energy policy debate."

What would be most unfortunate in Lindblom's opinion is that we would now begin to consider a decision to cease the construction of nuclear power in its entirety.

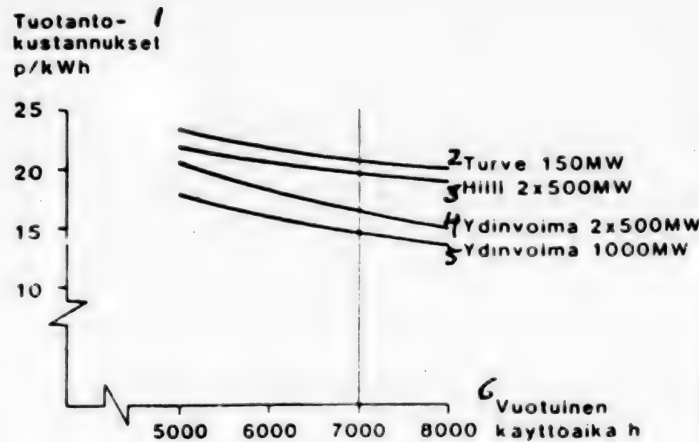
Such a decision was made in Sweden by a referendum a few years back. When that country's production from present nuclear power plants ceases completely around the year 2010, Sweden will have to compensate for approximately half of the capacity of its total production of electricity. The job accomplished so far indicates that Sweden, which is accustomed to cheap hydro and nuclear power, will have to learn to pay much more than presently for its electricity if the decision to cease the production of nuclear energy remains in effect.

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#### Increase in Procurement Capacity of Electricity Until the Year 2000

Before Chernobyl:	Now:
additional need approximately 2,700 Megawatts	generally same as before
Priority construction:	
hydropower 150 MW	possible small increase
power from industry 200 MW	same as before
heat-generated power 900 MW	approximately 1000 MW
Separate procurement capacity	
peat condensing power 100--150	200--300 MW
nuclear power 500 MW	coal 500 MW
coal 250 MW	?
increased imported power 300--500 MW	same as before
nuclear power/other 500 MW	same as before

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Key:

- |                                    |                            |
|------------------------------------|----------------------------|
| 1. Production costs<br>pennies/kWh | 4. Nuclear power 2 x 500MW |
| 2. Peat 150MW                      | 5. Nuclear power 1000MW    |
| 3. Coal 2 x 500MW                  | 6. Annual use time         |

The above production cost estimate for large power plants does not take Chernobyl or the energy tax reform into account. Inasmuch as both have an effect as is now being estimated, the production cost curves for nuclear power are a shade higher, coal drops off a little, and the expenditure level of peat falls nearly to the level of coal. The commercially most advantageous cost level of heat-generated power corresponds to the production costs of nuclear power, and the change in the energy tax will place additional thermal power into the economically advantageous group.

10576

CS0: 3617/132

## GOVERNMENT PERSEVERES WITH NUCLEAR ENERGY DESPITE CHERNOBYL

Helsinki HUFVUDSTADSBLADET in Swedish 19 Jun 86 p 10

[Article by J.-A.E.]

[Excerpts] Parliament settled yesterday on the content of several basic bills that will come up for their third and final reading on Tuesday of next week, just before the elected representatives begin their summer vacation. The legal texts that were adopted include the energy tax reform, a number of agricultural bills, and the new Nuclear Energy Law.

## Nuclear Energy Law

Among the bills whose sections have been put into final form is the proposed Nuclear Energy Law, which had been held up in the Committee on Appropriations as a result of the accident in Chernobyl. The bill was voted on a great number of times, but all proposed amendments were rejected.

The Chernobyl accident centered new attention particularly on section 6 of the bill, which states that "the use of nuclear energy shall be safe and must not cause harm to people, the environment, or property." According to the explanatory statement accompanying the bill, that provision means that the risk shall be as slight as possible. Risks cannot be eliminated entirely, but occurrence of the effects banned by the law can be prevented through adequate measures for protection and safety.

Both the Committee on Appropriations and Parliament as a whole--or almost--came to the conclusion that the matter should be viewed in precisely that way. Demanding 100-percent safety is the same as saying that nuclear energy cannot be used at all, since as we all know, risk is associated with all human activity.

That being the case, only one vote was taken on section 6 during its second reading in Parliament. It was Ville Komi of the Greens who submitted a wordy and hard-to-understand amendment. It received only four votes.

Among other things, the draft law regulates the decisionmaking process in connection with construction of any new nuclear powerplants. If construction

of a new plant is proposed, the government must first adopt a decision in principle, and that decision must then be submitted to Parliament for approval or rejection.

On that point, both Henrik Westerlund of the SFP [Swedish People's Party] and representatives of the Finnish People's Democratic League/Communists proposed, in slightly different terms, that the requirement for a decision in principle be replaced by the requirement that any decision to build a new nuclear powerplant be submitted to Parliament in the form of a bill. Westerlund's proposal lost to the proposal by the People's Democratic League by a vote of 52 to 76, and then the latter proposal also lost by a vote of 109 to 29.

#### Broad Study of Risks

Also participating in the debate was Minister of Trade and Industry Seppo Lindblom, who once again warned against making rash decisions on energy policy that would completely rule out specific alternatives--nuclear energy, for example. The future may bring new information concerning the environmental consequences and economic advantages of the various energy alternatives, and there is therefore reason to adopt an all-around energy policy.

If nuclear energy is completely ruled out now, we will, in effect, be tying ourselves down for a long time to energy from coal, and no major political consideration has yet been given to the risks involved in that energy source.

Lindblom also announced that the Ministry of Trade and Industry plans to appoint a committee to investigate the safety risks of the various energy alternatives. In particular, obviously, the committee will look into the safety measures that should be adopted to make it possible to permit the expansion of nuclear energy or continued operation of the existing nuclear powerplants. It appeared that Lindblom was not ruling out a possible conclusion by the committee that safety considerations prevent further expansion of nuclear energy or even perhaps that they require demolition of the nuclear powerplants that already exist.

11798

CSO: 3650/260

## STUDY EXAMINES ECONOMIC COSTS OF CONVERTING FROM NUCLEAR POWER

Helsinki HELSINGIN SANOMAT in Finnish 26 Jun 86 p 24

[Article: "A Finland Without Nuclear Power Will Pay 2 Billion Annually"]

[Text] The Economic Planning Center, Tasku, has estimated the cost of giving up nuclear energy. According to Tasku, replacing nuclear power with coal power would cost 2.1 billion annually. If individual consumers are made to pay the bill, as the study proposes, a more than 400-markka annual increase would be added to the electric bill of the average consumer.

The study of the Economic Planning Center is based on a model in which nuclear power will be abandoned by the end of 1990. For the purpose of comparison the study presents an alternative in which Lovisa's and Olkiluoto's nuclear power plants are naturally dismantled after 30 years of use in 2005 at the latest.

The Economic Planning Center calculates 2.1 billion annually as the difference between the alternatives. In the whole period from 1991 to 2005 the non-nuclear power alternative would cost 18 billion in present markkaa with a real interest rate of 5 percent.

The abandonment of nuclear power would cost approximately as much as the state spent on institutions of higher education last year.

## Clean Coal Power In Place of Nuclear Power

In the study nuclear power plants will be replaced with coal-fired condensing power plants equipped with desulfurating units.

The annual production of electricity by nuclear power in Finland is 2,300 megawatts. The cost of its production is 16 pennies per kilowatt hour and its operating cost is 7 pennies per kilowatt hour. The production costs of a coal power plant which filters out sulfur are 20 pennies, capital expenditures are 5 pennies, and operational costs are 15 pennies per kilowatt hour.

With two additions and one deduction the result is that clean coal power is 13 pennies more expensive per kilowatt hour than nuclear power.

According to the Economic Planning Center, national economic costs would remain less if the increase in the cost of electricity were paid by individual consumers and not industry.

During the construction phase of coal-fired power plants in 1987--1990 the additional cost to the consumer would be 25 pennies and in the years 1991-2005 it would be 15 pennies per kilowatt hour.

Divided equally among 5 million Finns the rejection of nuclear power would cost approximately 400 markkaa annually or 6,000 markkaa in 15 years, a Finn's average monthly wage.

However, since one pays for electricity according to consumption, the bill would be divided unequally. The average apartment resident would pay 500 markkaa annually for 3 years and then 300 markkaa annually while the average home owner would initially have to pay 1,250 markkaa annually and then 750 markkaa.

The study expresses doubts about the people's willingness to pay this bill and the readiness of MP's to send it. In reforming the energy tax it was noted that raising the price of electricity 2--4 pennies was found to be quite difficult. In addition, it is emphasized that the additional security brought by the additional cost from coal power cannot be precisely estimated, especially since coal power is not without risks.

#### Energy Policy Association's Calculation Half As Much

In the preface to the Economic Planning Center's study it is mentioned that the national economic costs of giving up nuclear power have not been calculated in Finland before. However, a study which the Energy Policy Association, Evy, hired Joensuu University Researcher Henrik Hausen to do was published 2 weeks ago.

Evy's study comes up with clearly lower figures than that of the Economic Planning Center. In it it is estimated that the abandonment of nuclear power will cost 1.2 billion in the first year and less in subsequent years.

The Energy Policy Association's model is based on the fact that compensation for nuclear power will be in the form of conservation, the more efficient operation of existing power plants, and the use of peat and natural gas.

Olli Tammilehto of the Energy Policy Association does not question the figures of the Economic Planning Center, but is amazed at the criteria of the calculations:

"In the Economic Planning Center's study they have proceeded from the most simple model in which nuclear power plants will be replaced by coal-fired power plants. It does not consider any other alternatives: conservation or other forms of energy. Moreover, it is doubtful that nuclear power plants will last until the year 2005 and there will be costly shut-downs. And if radiation shields, which are required for nuclear power, are included in the cost, the whole bottom falls out of the calculation."



## CHEAP OIL CAN REPLACE COAL IN ELECTRICITY GENERATING

Helsinki HELSINGIN SANOMAT in Finnish 9 Jul 86 p 25

[Text] The drop in world market oil prices to less than \$10 has made oil cheaper than coal in the generation of electricity. If the price level remains low, we may expect competition in the prices of coal and oil.

Given current world market oil prices, consumer prices will probably also drop by August at the latest.

The July-August consignments of North Sea oil from Brent dropped to less than \$10 a barrel on Thursday for the first time since early April. Brent oil was selling for \$9.85 on Tuesday. In addition to Brent, the basic grades of OPEC oil were quoted at less than \$10. The oil grades in question are the most important yardsticks in pricing oil to be imported from the Soviet Union into Finland.

Finland pays about \$12 a barrel for Soviet oil. The price dropped last in June by \$1.50. It has been agreed on between the two countries that "the price will be reviewed as necessary."

According to Neste [state oil company] assistant general manager Kai Hietarinen, a request for negotiations has not yet been sent to the Soviet Union, but it will be in a few days if the world market price becomes stabilized at the present level.

## Drop in Consumer Prices in August

The June reduction in import prices was not passed on to consumers because the U.S. dollar was once more rising in value. The current consumer prices have been in effect since May when they were fixed at \$13 for oil and 5 markkas for the dollar. If oil in future costs \$10 or less and the dollar stays at the 5-markka level, the reduction cannot be passed on to consumers. This too is what the head of the Ministry of Trade and Industry, Seppo Rautio, has promised us.

The sales tax on energy, which will raise taxes on oil products as of the beginning of August, will lessen the pressure for lowering prices. We were, to be sure, prepared for the energy tax even before the last drop in oil prices.

When import prices dropped in April, the government cut the 170-million-markka subsidy to compensate for a later rise in consumer prices.

Minister of Trade and Industry bureau chief Tuomas Huuho expects consumer prices to drop "in August at the earliest."

#### Price War Between Oil and Coal

The drop in oil prices may touch off a price war between oil and coal — a situation that was believed to be ultimately impossible when oil suddenly got expensive in the early 1970's.

The drop in price to below \$10 makes heavy fuel oil a more economical raw material than coal for electric power plants.

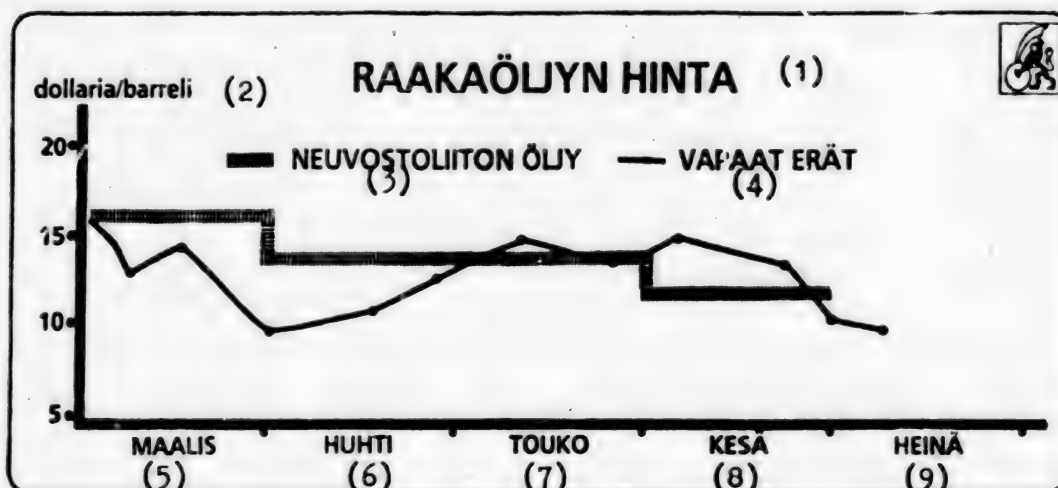
Almost all Finnish power plants participate in a joint use system. By agreement electricity must be imported in the cheapest possible way. Therefore, a drop in the price of oil to one below that of coal would trigger an automatic process that would bring oil to the power plants.

Engineer Tero Makela of the Heating Plant Association said that they have been closely following the decline in the price of oil in the association. Even at the current price of \$12, oil would be more economical in many small localities, but long-term contracts and employment considerations have prevented them from switching to it.

According to Makela, switching to it is in itself "no problem or anything like that." In many plants there is provision for the ability to burn oil, by means of which they would get even more power with oil than they do from the fuels currently in use.

"It does not, however, pay to switch to oil for a few days or weeks, but, if oil is cheaper than coal for several months, then it's a different story," Makela said.

Maatran Voima's [Imatra Power Company] power economy bureau chief Heikki Heikkila does not believe that oil will surpass coal as a producer of heating. "Electricity consumption is now at its lowest point in the year, at which point nuclear power, water power and imports are sufficient for production. If oil continues to be cheap until the fall, coal will break loose before then. The Poles and Colombians will not readily give up their positions."



Key:

1. Price of crude oil.
2. Dollars per barrel.
3. Soviet oil.
4. Free consignments.
5. March.
6. April.
7. May.
8. June.
9. July.

11,466

CSO: 3617/138

## NUCLEAR POWER NOW PRIMARY ELECTRICITY SOURCE

Barcelona LA VANGUARDIA in Spanish 24 Jun 86 p 57

[Article by Primo Gonzalez]

[Text] In May 1986 nuclear power became the principal source used to generate Spain's electricity, after the start in service of the newest nuclear power plants. In May nuclear electricity provided almost 39 percent of all the electricity produced in Spain. This percentage increased during the first 2 weeks of June. Particularly in the second week, production of nuclear electricity in Spain exceeded 40 percent of all the electricity generated by the electrical sector.

Last year, nuclear plants accounted for 22.6 percent of Spain's electricity production, while hydroelectric power provided 26 percent and thermal plants accounted for just about 52 percent.

This year, on the contrary, hydroelectric power has shown a marked decline, even though the status of Spain's reservoirs is not bad. At the end of May, Spain's reservoirs held 59 percent of their capacity, somewhat under their level a year earlier, which was 62 percent. In May the level of reserves increased slightly, for in April they had been at 56 percent of their total capacity.

Still, the start in service of two new nuclear electricity generating units in recent months, plus the fact that nuclear plants are operated as base-line plants (this means that they are given preference over other electricity generating facilities, for in the others, variable costs have a greater weight than fixed costs), has stimulated Spain's nuclear production. For the first time in the history of electricity in Spain, nuclear power is topping the figures for hydroelectric production.

During the first 5,5 months of 1986 (from 1 January until 15 June), Spanish nuclear production rose by 26 percent, while power of hydroelectric origin declined 26,5 percent, and thermal power rose by 16,5 percent.

In terms of electricity of thermal origin, despite the drop in petroleum prices, which might tend to promote the use of fuel oil for producing electricity, once again the most widely used fuel this year was coal. During the first 5 months of the year, Spain's thermal power plants consumed 24.6 percent more coal than during the same period of 1985. This amounted to more than 13.4 million tons of coal, primarily lignite.

Once again the share of fuel oil in electricity production has declined.

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## DECREASE IN PETROLEUM CONSUMPTION REPORTED FOR 1985

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[Article by Tania Juanes]

[Text] Spain's reliance on oil in relation to its total consumption of primary energy declined quantitatively by almost 3 percent in 1985 from 1984, according to data provided by the ministry of industry. Nonetheless, based on the increase in the PIB [Gross Domestic Product], the improvement was actually over 5 points. In addition, final energy consumption per unit of PIB dropped by 2 points, increasing by that amount the energy efficiency of Spain's economy.

The percentage of petroleum consumption in the total primary energy consumption dropped by 2.3 percent in 1985 in relation to the previous year, going from 55.5 to 53.2 percent, according to sources in the ministry of industry and energy. Quantitatively, the decline in petroleum consumption was 2.9 percent.

Last year's largest reduction came in generating electricity, down 33 percent in relation to the previous year. The process of replacing petroleum in Spanish thermal power plants has practically been completed by this time.

The industrial sector, which consumed 11.47 million TEP [Tons of Petroleum Equivalent], had a large decline in its crude consumption, dropping 3.4 percent in relation to 1984. In transportation, there was an 0.5 percent increase.

#### Final Consumption

The list reporting final consumption of petroleum products shows that there was a 10.9 percent reduction in kerosene, 17.1 percent in fuel oil, 24 percent in petroleum products used in fertilizers, and 41 percent in petroleum coke. There was an increase in automobile fuel consumption, up 5.3 percent for grades A and B gasolines.



# Energy Consumption Structure (in percentages)

	1985	1984
Coal	25,6	24,5
Petroleum	53,2	55,5
Natural gas	3,0	2,6
Hydroelectric power	9,9	10,1
Nuclear power	8,4	7,0
Foreign trade balance in electricity (imports-exports)	- 0,1	0,3
Total	100,0	100,0

According to the ministry of industry's report, this industrial reduction in petroleum consumption had several causes. First of all, even though the industrial production index grew by 2 percent, production in a number of industrial subsectors stagnated, especially among the heaviest users of fuel oil, which registered growth of only 0,2 percent.

The sector agreements reached between the IDAE [Institute for Energy Diversification and Conservation] and businesses entailed investments that will yield annual savings of about 517 KTEP [Thousand Tons of Petroleum Equivalent].

In the structure of total primary energy consumption last year, along with the decline in the weight of petroleum, there was also a 1-point increase in coal, natural gas, and energy of nuclear origin, as well as a decline in hydroelectric power.

Moreover, final consumption showed zero growth in 1985, even though the National Energy Plan had predicted annual increases of 2,6 percent between 1982 and 1986.

## Lesser Dependency on Petroleum

For primary demand, the report indicated that there was a 1,5 percent increase last year, less than the 2,6 percent forecast in the National Energy Plan for the 1982-1986 period.

According to the ministry of industry data, total petroleum consumption per unit of PIB dropped 5 points, when the decline in consumption is combined with the PIB increase,

The report notes that final energy consumption per unit of PIB was cut by 2 points, with demand remaining the same, while economic growth was over 2 percent. The point of emphasizing this ratio is that it shows that Spain's

economy improved its energy efficiency, one of Spain's top priorities for this area.

For the future, the objectives will remain: to substitute other energy sources for petroleum products in final demand, to promote conservation programs, and to maintain the PEN [National Energy Plan] goals in its next revision, despite the new price situation prevailing in international markets.

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